WESTPORTS
PROVEN. TRUSTED. FRIENDLY.

Annual Report 2018

About The Annual Report

With the Annual Report 2018, Westports Holdings Berhad ("Westports" or "Company") is incorporating elements from the Integrated Report framework to provide a more holistic perspective of our Company as we present financial and non-financial information in this publication. Westports has also published Sustainability Report 2018, and our report has been audited by SIRIM QAS International. Both the Annual Report 2018 and Sustainability Report 2018 can be downloaded from www.westportsholdings.com.

This report is formatted in the horizontal layout for the ease of and also to facilitate electronic reading because Westports has refrained from printing (offset lithography) for the Annual Report 2018. Our company had started refraining from printing when Sustainability Report 2016 and 2017 were published. This year, we are extending that awareness to the Annual Report 2018 as we seek to minimise the ecological footprint arising from even the printing of our Annual Report.

By encouraging electronic reading, we would have reduced the carbon dioxide emissions associated with the printing and delivery of the report such as electricity, ink usage, deforestation and fuel consumption. Even if the paper is manufactured from sustainable forests or recycled paper, chemicals, ink and other environmentally harmful processes still have to be used. By using this electronic approach, we have avoided the carbon footprint arising from offset printing and the delivery of hundreds of copies that are being produced.

If our reader still requires a hard copy, we have produced this publication in a high-resolution file format to facilitate reproduction. Even here, we have selected a minimalist design approach to reduce ink usage when printing is needed. We have also uploaded a more printer friendly 'black and white' version online as an option to reduce environmental impact should printing is still required.

In the past years, our Corporate Social Responsibility ("CSR") activities were highlighted in the Corporate Responsibility section of our Annual Report. For 2018, we produced a separate Westports CSR Report 2018, which can also be downloaded from www.westportsholdings.com, to highlight our activities and contribution especially to the communities at Pulau Indah, where our port is situated.

□ Cover picture of landscaping at Westports with waterfall within the container terminal.

Page Contents

Group Performance
Highlights

For the Financial Year Ended 31 December	2018	2017	2016	2015	2014
Financials					
Revenue (RM'000)	1,614,694	2,088,608	2,035,015	1,681,783	1,562,079
Profit before tax (RM'000)	701,217	676,882	754,819	650,143	578,781
Profit after tax (RM'000)	533,474	651,511	636,981	504,864	512,205
Shareholders' equity (RM'000)	2,415,086	^2,336,847	^2,131,091	1,898,121	1,764,235
Total assets (RM'000)	5,087,420	^5,146,145	^4,411,243	4,029,555	3,846,122
Per Share And Ratios					
Earnings per share (sen)	15.6	19.1	18.7	14.8	15.0
Dividend per share (sen)	11.7	14.3	14.0	11.1	11.3
Dividend payout ratio (%)	75.0%	75.0%	75.0%	75.0%	75.0%
Return on equity (%)	22.1%	^27.9%	^29.9%	26.6%	29.0%
Return on total assets (%)	10.5%	^12.7%	^14.4%	12.5%	13.3%
Operations					
Container throughput (million TEUs)	9.5	9.0	9.9	9.1	8.4
Container handling capacity (million TEUs)	14.0	13.0	12.0	11.0	11.0
Westports market share of Port Klang	77%	75%	76%	76%	76%
Conventional throughput (million MT)	10.7	10.9	11.8	10.2	10.3
Number of vessels accommodated	8,550	8,502	9,627	9,362	8,656
Sustainability					
Diesel consumption (million litres)	46.1	44.0	44.9	41.8	39.9
Electricity consumption (million kWh)	97.0	90.7	94.6	84.2	76.5
Water consumption (million m^3)	1.30	1.34	1.60	1.44	2.16
Direct GHG emissions, Scope 1 (tonnes)	121,878	116,416	118,814	110,500	105,375
Indirect GHG emissions, Scope 2 (tonnes)	71,886	67,223	70,125	62,392	56,657

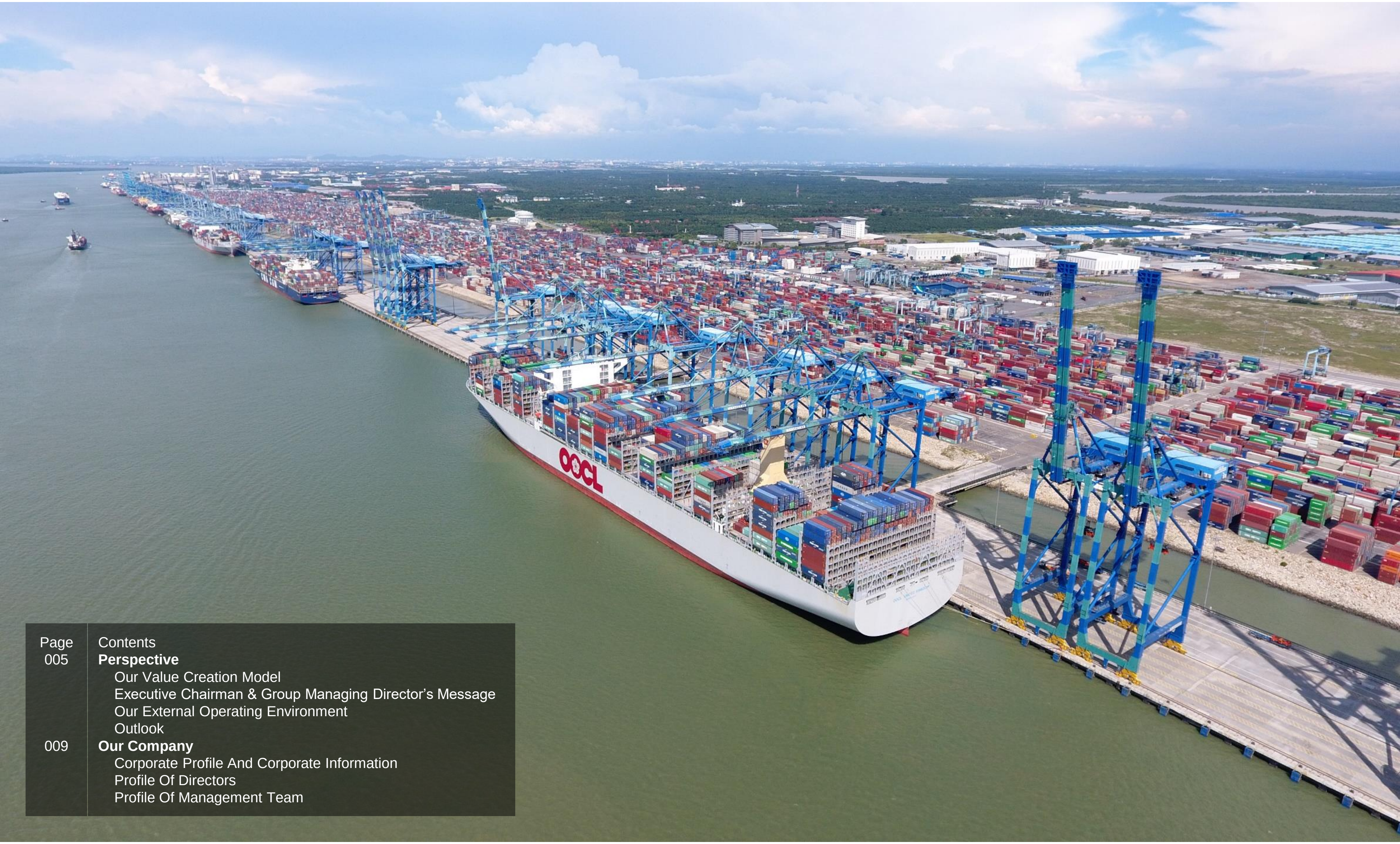
^Restated

Statement Of Value Added And Distribution
For The Financial Year Ended 31 December

In RM'000	2018	2017	2016	2015	2014
VALUE ADDED:					
Revenue	1,614,694	2,088,608	2,035,015	1,681,783	1,562,079
Less: Construction revenue	0	(372,727)	(230,679)	(103,485)	(59,109)
Operational revenue	1,614,694	1,715,881	1,804,336	1,578,298	1,502,970
Purchase of goods and services	(370,623)	(557,173)	(584,040)	(489,738)	(503,569)
Total value added available for distribution	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**	**999,401**
DISTRIBUTION:					
To employees					
- salaries and other staff costs	246,490	228,215	233,228	219,507	210,167
To government					
- income tax	167,743	25,371	117,838	145,279	66,576
To provider of capital					
- dividends	455,235	445,755	446,028	391,127	351,912
- finance costs (net)	81,075	67,779	64,165	63,730	63,942
Retained for future reinvestment and growth					
- depreciation and amortisation	215,289	185,832	168,084	155,180	146,511
- retained profits	78,239	205,756	190,953	113,737	160,293
Total distributed	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**	**999,401**
RECONCILIATION:					
Profit for the year	533,474	651,511	636,981	504,864	512,205
Add: Depreciation and amortisation	215,289	185,832	168,084	155,180	146,511
Finance costs (net)	81,075	67,779	64,165	63,730	63,942
Staff costs	246,490	228,215	233,228	219,507	210,167
Income tax	167,743	25,371	117,838	145,279	66,576
Total value added	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**	**999,401**

Value added is a measure of wealth created. The above Statement shows the Group's value added for 2018 and the prior years and its distribution by way of payments to employees, government and capital providers with the balance retained in the Group for future reinvestment and growth.

Westports container terminal with linear berth measuring a total length of 5,800 metres accommodating the world's largest container vessel



Page	Contents

Our Value Creation Model

Perspective

External Environment

2018 marked the second year of operations for the two new mega-alliances (Ocean and THE). Container capacity supply outstripped demand with active vessel deliveries of the world's largest container vessels

Outlook

Global container port throughput is expected to grow by around 4% in 2019. South East Asia's volume is projected to increase at a faster rate due to investments in manufacturing facilities in the region

Stakeholders
Who is affected

External
- Container shipping lines and cargo vessel operators and companies
- NVOCCs*
- Logistics-forwarding companies

Regulatory bodies
- Port Klang Authority
- Royal Malaysian Customs Department
- Inland Revenue Board Of Malaysia

Pulau Indah communities
- Primary and secondary schools
- Community clinic for residents
- Supporting poor, old and needy families on the island

Business partners
- IT solution providers/consultants
- Equipment suppliers
- Local vendors
- Sub-contractors

Financial contributors
- Shareholders
- Sukuk IMTN subscribers-holders
- Investment banks and rating agency

Internal
- Employees
- Port Police and Emergency Response Team
- Medical clinics

*NVOCCs is Non Vessel Owning Common Carriers

Input
when we deploy resources

Financial Capital
- Shareholders' equity and retained earnings of the Company
- Sukuk IMTN subscribers-holders
- Cash and working capital

Manufactured Capital
- Fleet of Terminal Operating Equipment such as Quay Cranes
- Concession and landed property
- Capital expenditure

Intellectual Capital
- Westports corporate culture
- Knowledge garnered and expertise cultivated
- Innovative culture and mindset

Human Capital
- The cohesive teamwork of Westportians
- 418,868 training hours
- New staff recruitment

Social Relationship Capital
- Supportive clients and port users
- Established relationships with authorities and community
- Confidence of financial contributors

Natural Capital
- Land
- Water
- Electricity
- Diesel and fuel

Business Model
to execute our business model

VISION
- To be one of the leading gateway and transhipment ports of call in the world while continuing to be the pride of Malaysia on employee relations, customer satisfaction and corporate citizenship

MISSION
- To conduct our business with operational excellence and integrity to create value for all our stakeholders

How we fulfil our vision and achieve our mission is to focus on these four business segments

Container
- Terminal handling services
- Value-added services

Conventional
- Bulk cargoes and cement
- RORO services

Marine
- Tug boat and pilotage

Rental
- Land and storage facilities

Output
to generate results

Financial Capital
- Operational revenue of RM1.61 billion from 4 business segments
- Profit for the year of RM533 million
- CY paid dividends RM455 million

Manufactured Capital
- Terminal capacity to handle 14 million TEU containers per annum
- Container yard 46,922 ground slots
- Total quay length of 8.4 kilometres

Intellectual Capital
- Accommodated 8,550 container, RORO and cargo vessels in 2018
- Total of 1.7 million transactions at the two container gates

Human Capital
- Total employees cost of RM246 million for salaries and staff costs
- About 4,600 stakeholders visited Westports, most with port tours

Social Relationship Capital
- Total CSR investments for the year of RM2.9 million
- Total income tax to Government of RM168 million for 2018

Natural Capital
- CO_2e emissions Scope 1 and 2 of 193,764 tonnes for the year
- The indirect GHG emissions under Scope 3 of 6,598 tonnes

Outcome
that benefit our stakeholders

Financial Capital
- Continued financial viability and strength of Westports
- Favourable AA+$_{IS}$ rating by MARC
- Gearing ratio of below 0.7x

Manufactured Capital
- Fulfilling exporters and importers' containerised cargo requirements
- Accommodating the world's largest container vessel

Intellectual Capital
- Terminal-wide integrated planning and execution
- Achieving global standards for port operations

Human Capital
- Largest employer at Pulau Indah
- In-house nurtured and trained workforce with continuous capability improvement

Social Relationship Capital
- Harmonious, mutually symbiotic and sustaining positive working relationships with all stakeholders
- Support from stakeholders

Natural Capital
- Improvement in emissions intensity has reduced environmental impact and has also been financially positive for the Company

Impact
and impact our society

The only listed entity for exposure to container operations at Port Klang. Biggest market capitalization, and also a representative of the transport and logistics sector in Malaysia

A key gateway terminal supporting Malaysia and especially Klang Valley's vibrant economy. Also, act as a regional transhipment hub especially for South East Asia

As the highest performing terminal in Malaysia, Westports facilitates operations of Regional Distribution Hub and Transhipment Staging Post for certain commodities for MNCs

Enhance and improve human capabilities and effective, productive capacity especially for the transport and logistics industry and broadly also for the Malaysian job market

Positive contribution and a commitment to the socio-economic well-being, safety and health of the community, at Pulau Indah, in which Westports operates

Environmental impact awareness and stewardship as we focus on reducing our carbon emission intensity with higher utilisation of energy efficient equipment

Performance

Container throughput improved by 6% to 9.5 million TEUs and 62% of containers handled are for countries within Intra-Asia. Conventional segment handled 10.7 million metric tonnes of bulk cargo in 2018

Managing Risks

Liners could change their port of call. Competition from other ports may influence transhipment volume. But we mitigate with world-class productivity in a safe manner and active client-engagement to serve them better

Dear Shareholders,

On behalf of the Board of Directors, we present to you the Annual Report of Westports Holdings Berhad for the financial year ended 31 December 2018.

Macroeconomic review

The global economy improved by 4% in 2018, despite uncertainties on higher trade tariffs, due to improved levels of investment, manufacturing activities and actual global trade.

Emerging Asia continued to register strong growth with domestic demand-led economic activities, despite slightly more moderate growth in China as the latter's economy respond to regulatory tightening. Meanwhile, China's main trading partner, the USA has expounded its preference of domestic output and the need for greater market penetration to other export markets, but the latter's Federal Reserve tightened monetary policy to contain inflationary pressure.

As for Malaysia, the Gross Domestic Product ("GDP") grew by a more moderate and sustainable pace of 5% with a lesser contribution from the public sector as the government exercised fiscal policy adjustments. The private sector underpinned growth with sustained domestic demand and exports oriented industries.

Review of results

Westports container throughput improved to 9.5 million Twenty-foot Equivalent Units ("TEUs") in 2018 from 9.0 million TEUs in 2017 as the Company has fully transitioned towards servicing container liners under their current global alliances. The mergers and acquisitions and the subsequent impact on container volume in the previous year have established a baseline on which the current year's volume has grown on.

Transhipment container volume improved by 15% in the second half of 2018 and ended the year at a volume of 6.2 million TEUs while gateway containers increased by 18% to 3.3 million TEUs – resulting in a more favourable volume mix as 35% of containers handled are gateway boxes. By geography, 62% of the containers handled are destined for countries and regions within Intra-Asia. Meanwhile, Conventional segment handled a total volume of 10.7 million metric tonnes of cargo in 2018.

The Company's operational revenue is lower at RM1.61 billion, mainly due to revenue classification in accordance with MFRS 15, but this treatment is neutral to the actual profitability. Westports gross profit improved to RM954 million in 2018. At the bottom line, profit after tax decreased to RM533 million mainly due to the absence of investment tax allowance for the year as Westports made provision reflecting an effective tax rate of 24%.

"Westports container throughput improved to **9.5 million** TEUs in 2018"

Datuk Ruben Emir Gnanalingam Tan Sri Datuk G. Gnanalingam

Westports expansion

Westports received an Approval-In-Principle from the Government of Malaysia to expand our container terminal facilities in 2017. In 2018, we appointed external consultants to carry out various detailed technical studies to support our ongoing comprehensive planning processes. The studies would include, among others, topography and bathymetric survey, hydrodynamic modelling and the terminal extension layout. The studies are scheduled to be completed in 2019.

The Company has an established track record of accommodating the world's largest container vessel, and in 2018, the OOCL United Kingdom with a carrying capacity of 21,413 TEUs made her maiden call and berthed at Container Terminal 8. The proposed expansion would further strengthen Westports as the pre-eminent port for the nation's gateway trade and also as one of the main transhipment hubs in the region.

Dividends

Since Westports became a public listed company in 2013, we have practised a dividend payout of 75% on the profit after tax reported. Two interim dividends amounting to a total of RM400 million were paid for the financial year ended 31 December 2018. The distribution of dividend takes into consideration, among others, the projected levels of capital expenditure, future investment plans and working capital requirements.

Awards In 2018

- SME Platinum Award 2018 for Outstanding Achievers Award from SME Malaysia
- Pearl Award 2018 from Human Resources Development Fund
- Large Employer in Service Industry from Human Resources Development Fund
- Masterclass in International Logistics Hub from Malaysia Excellence Business Awards (MEBA) 2018
- Highest Return on Equity Over Three Years in the Transportation and Logistics Category from The Edge Billion Ringgit Club (BRC) 2018

Awards

Westports continued to be recognised for its contribution towards supporting the nation's economic development, facilitating the logistics industry, business partners and shipping clients in fulfilling their cargo owners' requirements, empowering our employees, and improving the well-being of our community at Pulau Indah.

In 2018, The Edge Billion Ringgit Club (BRC) awarded to Westports its 'Highest Return on Equity Over Three Years' in the Transportation and Logistics Sector accolade, for listed companies with market capitalisation of between RM10 billion and RM40 billion.

"The Edge Billion Ringgit Club 2018 awarded to Westports the accolade of 'Highest **Return on Equity** Over Three Years' in the Transportation and Logistics Sector"

Our commitment

Westports has published separate Sustainability Reports since 2016. And for this Annual Report 2018, we are incorporating elements from the Integrated Report framework to provide a more holistic perspective of our Company as we extend our perspective beyond sustainability reporting and emissions level.

We acknowledge the risks posed by global climate change, such as severe weather events and potential adverse impact on human lives. Westports is making a long-term commitment to reduce our carbon emission intensity in the coming years, when financially feasible, as we focus on greater utilisation of more energy efficient terminal operating equipment.

"Westports is making a long-term **commitment** to reduce our carbon emission intensity in the coming years"

Acknowledgement

On behalf of the Board of Directors, we would like to welcome Andy Wing Kit Tsoi on the Board. As a Non-Independent Non-Executive Director, he is an Alternate Director to Ruth Sin Ling Tsim.

We would like to record our utmost gratitude to all Westportians for their unwavering dedication and teamwork for making Westports into the busiest and highest-performing terminal in the country. We also express our sincere appreciation to our customers, business partners, government agencies, shareholders and other stakeholders for your continuous support and invaluable contributions towards Westports.

Last but certainly not least, we would like to thank our distinguished colleagues on the Board for your valuable support and contribution throughout the year.

Tan Sri Datuk G. Gnanalingam
Executive Chairman

Datuk Ruben Emir Gnanalingam
Group Managing Director

External Global Environment

Perspective

The most important external environment to Westports is the container shipping industry as the Company derives most of its revenue from container terminal operations. 2018 marked the second year of operations for the two mega alliances, Ocean Alliance and THE Alliance. Together with 2M Alliance, the three global alliances accounted for a significant majority of the world's total container shipping capacity. Despite industry concentration, extrapolating from the freight rates and quarterly financial results of the publicly listed container liners, competition has remained intense.

The year witnessed active vessel deliveries with major liners deploying their newest and largest container vessels into the Asia-Europe trade lane. With lower scrapping rate of old vessels, container capacity supply has outstripped demand, and container liners implemented selective blank sailings during the year to curtail total available capacity. The order book of new vessels to existing fleet ratio has remained relatively low despite new orders for Ultra-Large Container Vessels with carrying capacity of 23,000 TEUs.

The threat of trade tariffs and its eventual imposition by some major trading nations during the year has caused container volume on the Trans-Pacific trade lane to increase instead as there could be front-loading shipments. Towards the end of 2018, more liners have announced various formulas to recover the expected higher cost arising from the stricter sulphur bunker regulation which is going to be implemented in 2020.

Outlook

Perspective

The global container port throughput is expected to grow further in 2019 but at a slightly more moderate pace of around 4% given increased macro concerns such as rising protectionism, fluctuating oil prices, and regulatory-monetary policies changes or currency-interest rate movements.

South East Asia's container volume is however projected to increase at a faster rate than the global average due to investments into manufacturing facilities in the region as the latter would facilitate export-led economic activities and growth.

With the intra-Asia segment growing in prominence and contribution to Westports total volume, the Company is expecting to achieve a higher container throughput growth rate in 2019 as compared to the previous year. Furthermore, transhipment volume is expected to increase further with organic growth momentum on last year's baseline volume level.

The greater utilisation of the Company's new Terminal Operating System's capabilities and Container Terminal 8 and Container Terminal 9, would support our objective of providing an excellent level of service to our clients with high levels of terminal productivity.

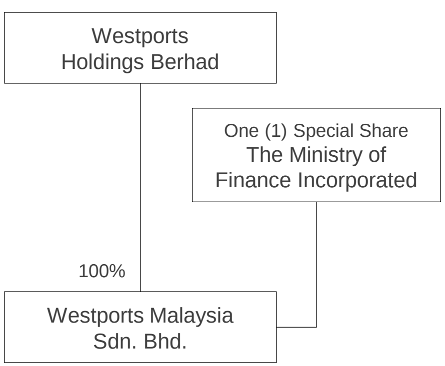
The regional economic growth also offers the favourable potential for further growth in containerised cargoes; the latter would ultimately underpin the medium to longer term demand for more container liners' services. These regional developments would also enhance the Company's potential for sustainable volume growth into the future.

Corporate Profile
Our Company

Westports Holdings Berhad was incorporated in Malaysia under the Companies Act, 1965 as a private company limited by shares on 27 April 1993. The Company is principally involved in investment holding and the provision of management services to its subsidiary, namely, Westports Malaysia Sdn. Bhd. ("WMSB"). The Company commenced its business operations on 1 August 1994 and was subsequently converted into a public company limited by shares on 26 April 2013. The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 October 2013.

WMSB was incorporated on 24 January 1990 under the Companies Act, 1965 as a private limited company under the name of Kelang Multi Terminal Sdn. Bhd. and its principal activities are port development and management of port operations. WMSB assumed its present name on 29 December 2006.

Group Corporate Structure



Corporate Information
Our Company

Board Of Directors

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
(Executive Chairman)

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
(Senior Independent Non-Executive Director)

Tan Sri Ismail bin Adam
(Independent Non-Executive Director)

Ip Sing Chi
(Non-Independent Non-Executive Director)

Ruth Sin Ling Tsim
(Non-Independent Non-Executive Director)

Dato' Yusli bin Mohamed Yusoff
(Independent Non-Executive Director)

Chan Soo Chee
(Independent Non-Executive Director)

Datuk Ruben Emir Gnanalingam bin Abdullah
(Group Managing Director)

Chan Chu Wei
(Non-Independent Non-Executive Director)

Kim, Young So
(Independent Non-Executive Director)

Shanti Kandiah
(Independent Non-Executive Director)

John Stephen Ashworth
(Alternate Director to Ip Sing Chi)

Andy Wing Kit Tsoi
(Alternate Director to Ruth Sin Ling Tsim)

Audit And Risk Management Committee

Dato' Yusli bin Mohamed Yusoff
(Chairman)

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
(Member)

Chan Soo Chee
(Member)

Chan Chu Wei
(Member)

Nomination, Remuneration And Corporate Governance Committee

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
(Chairman)

Tan Sri Ismail bin Adam
(Member)

Shanti Kandiah
(Member)

Company Secretaries

Tai Yit Chan
(MAICSA 7009143)

Tan Ai Ning
(MAICSA 7015852)

Registrar

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301, Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7841 8088
Fax : +603 - 7841 8100

Auditors

Deloitte PLT
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : +603 - 7610 8888
Fax : +603 - 7726 8986

Registered Office

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7720 1188
Fax : +603 - 7720 1111

Principal Bankers

Malayan Banking Berhad
AmInvestment Bank Berhad
Standard Chartered Bank Malaysia Berhad
Alliance Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Code: WPRTS 5246

Website

www.westportsholdings.com

Tan Sri Datuk Gnanalingam was appointed as Director of the Company on 1 January 2009 and as the Executive Chairman on 1 September 2013. Tan Sri Gnanalingam is also the Executive Chairman of WMSB, a wholly-owned subsidiary of the Company, a position he has held since 2000. Prior to that, he was the Managing Director of WMSB from 1995 to 1999.

Tan Sri Datuk Gnanalingam attended the Royal Military College from 1960 until 1964 before obtaining his Bachelor of Arts Degree from University of Malaya in 1968. He is also an alumni of the Harvard Business School in Boston, USA, having attended the School's Advanced Management Programme in 1983.

Tan Sri Datuk Gnanalingam started his career with the British American Tobacco group in 1968 as a sales representative, and was later promoted as Marketing Director in 1980. In 1988, he started G-Team Consultants Sdn Bhd, a marketing consultancy which acted as the Corporate Consultant for the marketing operations of Radio Television Malaysia from 1988 to 2000. In 1994, Tan Sri Datuk Gnanalingam successfully secured the concession to operate Westports.

Tan Sri Datuk Gnanalingam's efforts were recognized when he was named Transport Man of the Year in 2001 by the Ministry of Transport, Malaysia. In 2007, he received the Small and Medium Enterprise (SME) Platinum Award, the Chartered Institute of Logistics and Transport ("CILT") Malaysia Achiever of the Year Award and was admitted as a Chartered Fellow by the CILT, UK.

He was also presented with the Outstanding American Alumnus Award 2007 in the field of Logistics and Transport by the American Universities Alumni Malaysia.

In 2017, Tan Sri Datuk Gnanalingam was awarded as the Value Creator: Most Outstanding CEO by the Edge Billion Ringgit Club for his visionary leadership excellence in transforming Westports as Port Klang's leading terminal operator.

Tan Sri Datuk Gnanalingam previously sat on the National PEMUDAH committee from 2007 until 2012 and reappointed in 2014, a special task force set-up by the then Prime Minister of Malaysia to facilitate businesses in Malaysia by identifying improvements to existing government processes and regulations based on global benchmarking reports and public feedback. He was also appointed a member of the National Export Council in March 2015.

Tan Sri Datuk Gnanalingam is a Non-Executive Director and shareholder of Pembinaan Redzai Sdn Bhd which in turn hold shares in the Company.

His eldest son, Datuk Ruben Emir Gnanalingam, is the Group Managing Director of the Company.

He attended all four Board Meetings held during the financial year.

Tan Sri Datuk Gnanalingam
A/L Gunanath Lingam
Executive Chairman
Age 74, Male, Malaysian

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Senior Independent Non-Executive Director
Age 76, Male, Malaysian

Tan Sri Dato' Nik Ibrahim Kamil was appointed as Director of the Company on 7 September 1994 and was an Independent Non-Executive Director since 8 April 2013. He was redesignated to Senior Independent Non-Executive Director on 6 February 2018.

He obtained a Bachelor of Science Degree in Economics and Business Administration from Georgetown University, Washington D.C., US in 1966. He has extensive managerial and business experience in various industries ranging from mining, petroleum, media, manufacturing, merchant banking and finance, stock broking, port management, trading to golf resort development.

He commenced his career in 1966 as Assistant Company Secretary with Associated Mines Sdn Bhd. Subsequently he joined Shell Malaysia Sdn Bhd in 1967. In 1971, he joined The New Straits Times Press (Malaysia) Berhad ("NSTP") as Assistant General Manager and was with the company until 1991 where his last position held was as Managing Director of the NSTP Group.

Currently, Tan Sri Nik is an Independent Non-Executive Chairman of OCB Berhad. His previous appointments in Malaysian public listed companies were Independent Non-Executive Chairman of Octagon Consolidated Berhad, Chairman of QSR Brands Bhd and Non-Executive Independent Director of Camerlin Group Berhad. He also sits on the board of several other private limited companies. He was also Chairman of Southern Investment Bank Bhd.

Tan Sri Nik currently serves as the Chairman of the Nomination, Remuneration and Corporate Governance Committee and is a member of the Audit and Risk Management Committee of the Company.

He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Tan Sri Ismail bin Adam
Independent Non-Executive Director
Age 68, Male, Malaysian

Tan Sri Ismail bin Adam was appointed as Independent Non-Executive Director of the Company on 30 August 2013.

Tan Sri Ismail obtained a Bachelor of Arts (Economics) Degree from University of Malaya in 1972, a Diploma in Public Administration from University of Malaya in 1975 and a Masters of Arts (Economics) from Vanderbilt University, USA, in 1979. He attended the Advanced Management Programme at Harvard Business School in Boston, USA, in 2002.

He started his career in 1972 as an Officer of the Malaysian Administrative and Diplomatic Service and was posted as an Assistant Director in the Ministry of Trade and Industry. Throughout his career with the civil service, he held senior positions including Chief Administrative Officer in the Department of Statistics Malaysia, Director General of the National Productivity Corporation (now known as the Malaysia Productivity Corporation), the Secretary General of the Ministry of Health and the Director General of Public Service. He retired from civil service in 2010.

Currently, Tan Sri Ismail is an Independent Non-Executive Director of BIMB Holdings Berhad and an Independent Non-Executive Director of Malaysian Pharmaceutical Industries Sdn Bhd. Tan Sri Ismail served as Group Chairman of Prasarana Malaysia Berhad since September 2011 until his retirement in August 2017.

Tan Sri Ismail is currently a member of the Nomination, Remuneration and Corporate Governance Committee upon his appointment as the Board committee member on 1 January 2018.

Tan Sri Ismail has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Ip Sing Chi
Non-Independent Non-Executive Director
Age 65, Male, Chinese

Mr. Ip Sing Chi was appointed as Non-Independent Non-Executive Director of the Company on 5 April 2013.

Mr. Ip graduated with a Bachelor of Arts Degree from Coventry University, UK in 1979.

Mr. Ip has 40 years' experience in the maritime industry, having joined Sun Hing Shipping Co., Ltd. in 1979 as an account executive. Subsequently, he joined Hongkong International Terminals Limited in 1993 as General Manager of commercial and and was the Managing Director of the company from 1998 to 2011. In 2005, he was appointed as Director of Hutchison Port Holdings Limited ("Hutchison Ports"), and is currently the Group Managing Director of Hutchison Ports.

Currently, Mr. Ip is the Chairman of Yantian International Container Terminals Limited, an Independent Non-Executive Director of both COSCO SHIPPING Energy Transportation Co., Ltd., a company listed on the Stock Exchange of Hong Kong Limited, as well as Piraeus Port Authority S.A., a company listed on Athens Exchange. Besides this, he is also an Executive Director of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of Hutchison Port Holdings Trust (a business trust listed on the Singapore Exchange) as well as a Non-Executive Director of Orient Overseas (International) Limited, a company listed on the Stock Exchange of Hong Kong Limited.

He was a member of the Hong Kong Port Development Council until end of December 2014 and was the founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited.

Hutchison Ports, through South Port Investment Holdings Limited, is a major shareholder of the Company. Mr. Ip is not involved in the management and day-to-day operations of the Company. He attended three out of the four Board Meetings held during the financial year.

Ruth Sin Ling Tsim
Non-Independent Non-Executive Director
Age 62, Female, Canadian

Ms. Ruth Sin Ling Tsim was appointed as Non-Independent Non-Executive Director of the Company on 16 November 2015.

She is a qualified accountant and holds a Master of Business Administration Degree from the Chinese University of Hong Kong. She is an Associate Member of The Institute of Chartered Accountants in England and Wales, a Fellow Member of the Chartered Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a Member of the Chartered Professional Accountants of British Columbia, Canada.

Ms. Tsim has extensive experience in the accounting and finance profession, and specializes in internal auditing and controls, as well as financial analysis and reporting. Prior to joining the Hutchison Ports Group in 2001, Ms. Tsim has over 20 years of experience in professional practice in public accounting firm and several different industries in the commercial sector with roles in financial controllership.

Ms. Tsim is currently the Group Chief Financial Officer of Hutchison Port Holdings Limited ("Hutchison Ports"). She was appointed as a Non-Executive Director of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of Hutchison Port Holdings Trust (a business trust listed on the Singapore Exchange) on 1 January 2017.

Hutchison Ports, through South Port Investment Holdings Limited, is a major shareholder of the Company. Ms. Tsim is not involved in the management and day-to-day operations of the Company. She attended three out of the four Board Meetings held during the financial year.

Dato' Yusli bin Mohamed Yusoff
Independent Non-Executive Director
Age 60, Male, Malaysian

Dato' Yusli bin Mohamed Yusoff was appointed as Independent Non-Executive Director of the Company on 13 March 2013.

Dato' Yusli graduated with a Bachelor of Economics Degree from University of Essex, UK and later qualified as a member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants.

He began his career with Peat, Marwick, Mitchell & Co in London, UK and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. From 2004 to 2011, he was the Executive Director / Chief Executive Officer of Bursa Malaysia Berhad, previously known as the Kuala Lumpur Stock Exchange.

Currently, Dato' Yusli is an Independent Non-Executive Director on the boards of Mudajaya Group Berhad, Mulpha International Berhad, AirAsia X Berhad and FGV Holdings Berhad. He also sits on the boards of Dato' HM Shah Foundation, Australaysia Resources & Minerals Berhad, Malaysian Institute of Corporate Governance and Infinity Trustee Berhad.

Dato' Yusli currently serves as the Chairman of the Audit and Risk Management Committee.

He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Chan Soo Chee
Independent Non-Executive Director
Age 63, Male, Malaysian

Mr. Chan Soo Chee was appointed as Independent Non-Executive Director of the Company on 1 January 2018. Prior to his appointment on the Board of the Company, he was a member on the Board of Westports Malaysia Sdn Bhd, a subsidiary of the Company, until his resignation on 1 January 2018.

He holds a Masters in Business Administration, majoring in Finance and Marketing from the University of Leicester. He also attended and completed the Executive Management Programme by Penn State University of Pennsylvania, USA.

Mr. Chan started his career in the maritime industry and has over 35 years of experience spanning South East Asia, Africa, South and West Asia. He qualified as a Master Mariner from the Government of Great Britain in 1987 prior to joining Orient Ocean Container Line ("OOCL") Hong Kong and Japan, first serving as a Fleet Captain and later serving the OOCL Head Office in Hong Kong with responsibilities across a broad portfolio covering Operations, Audit & Risk, Consortium and Corporate Strategic Planning. Mr. Chan also represented OOCL on the Steering Committee leading to the formation of the Consortium of the Global Alliances comprising 5 major international shipping lines.

In 1997, Mr. Chan was appointed as the Regional Director of OOCL Singapore and later appointed as the company's Regional Managing Director in 2004, overseeing more than 30 countries across South East Asia, Africa, South and West Asia. He then joined China Sonangol International Singapore as its Chief Executive Officer in 2015. He retired from the active day-to-day operations management in China Sonangol, whilst maintaining an advisory role in the sea transportation business community.

Mr. Chan is currently a member of the Audit and Risk Management Committee upon his appointment as the Board committee member on 1 January 2018.

Mr. Chan has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Datuk Ruben Emir Gnanalingam bin Abdullah was appointed as Director of the Company on 5 July 2005.

He attended Victoria Institution between 1989 to 1993 and later, Eton College in the UK from 1994 until 1995. Datuk Ruben graduated with a Bachelor of Science (Honours) Degree in Economics from the London School of Economics and Political Science, the UK, in 1998. He also holds a diploma in Port Management, awarded by the University of Cambridge Local Examinations Syndicate. Datuk Ruben has also attended various Executive Education Programmes under the Harvard Business School, including the Senior Manager Development Programme and the Leadership Development Programme.

Datuk Ruben started his career as a trainee in WMSB in 1999 before leaving WMSB to set up a start-up incubator known as The Makmal Group in 2000 until his departure in mid-2005. He then re-joined the Company as a Director in 2005 and was later appointed as Chief Executive Officer on 15 January 2009, a position he held until 31 December 2017 before being appointed as the Group Managing Director for Westports Holdings Bhd on 1 January 2018.

Datuk Ruben is the Vice-Chairman of Queens Park Rangers Football Club, which participates in the English Championship. Together with Tan Sri Tony Fernandes, they took over the club in 2011. He is also the founder of the KL Dragons, which is actively involved in the Asian Basketball League. The KL Dragons were crowned League Champions In 2016. Datuk Ruben is also a co-founder of the Los Angeles Football Club (LAFC), the franchise which he and his partners started in 2014 and he currently is a Member of the Board of LAFC. Datuk Ruben serves as a Vice President of the Malaysian Basketball Association (MABA) and sits on the Board of the Asian Basketball League. He is also a Co-Chair of the World Sports Owner's Summit and a member of the NBA Asia Advisory Board. He has been appointed as director in Bintang Capital Partners Berhad on 1 October 2018.

Outside his professional engagements, Datuk Ruben has involvement in many other business and industry-related groups. He is the Deputy President of Kuala Lumpur Business Club Malaysia and the Chairman of the QPR Community Trust. He is also a Board member of Trustees of Enactus Malaysia and Yayasan Chow Kit.

He is the eldest son of our Executive Chairman, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam.

He is also a Director of Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd, which in turn hold shares in the Company. Datuk Ruben is also a shareholder in Semakin Ajaib Sdn Bhd. He attended all four Board Meetings held during the financial year.

Datuk Ruben Emir Gnanalingam bin Abdullah
Group Managing Director
Age 42, Male, Malaysian

Chan Chu Wei
Non-Independent Non-Executive Director
Age 65, Female, Malaysian

Ms. Chan Chu Wei was appointed as a Director of the Company on 15 December 2000.

Ms. Chan obtained a Bachelor of Social Science Degree from University Sains Malaysia in 1977 and has attended the International Senior Managers Programme by Harvard Business School in Boston, USA, in 1993, as well as the Advance Management Programme by Templeton College in Oxford, UK in 1997.

She began her career with Tourist Development Corporation of Malaysia as Assistant Director in 1977 and moved on to join Malaysian Tobacco Company Berhad a year later, where she had working experience in the company's human resources and marketing divisions over a 10 year period.

In 1988, she became a General Manager in G-Team Consultants Sdn Bhd, which acted as the Corporate Consultant for the marketing operations of Radio Television Malaysia. Ms. Chan joined WMSB, a wholly-owned subsidiary of the Company in 1994 as an Executive Director and assisted in drawing up the blueprint proposal that secured the concession for Westports. She oversaw both marketing and operational leadership roles for WMSB up until 2008, especially in container operations. Since 2014, Ms. Chan has been a Non-Executive Director of PKT Logistics Group Sdn Bhd.

Ms. Chan was re-designated as a Non-Independent Non-Executive Director of the Company in 2008. She is currently a member of the Audit and Risk Management Committee upon her appointment as the Board committee member on 1 January 2018.

She is a Non-Executive Director of Pembinaan Redzai Sdn Bhd, which is a shareholder of the Company. She attended all four Board Meetings held during the financial year.

Kim, Young So
Independent Non-Executive Director
Age 56, Male, South Korean

Mr. Kim, Young So was appointed as Independent Non-Executive Director of the Company on 5 September 2013.

He graduated with a Bachelor of Arts Degree in Business Administration from Korea University, South Korea in 1985 and subsequently obtained his Masters in Business Administration from George Washington University, USA, in 1988. He also attended executive courses at The Wharton School of the University of Pennsylvania, USA.

Mr. Kim began his career with Banque Paribas as a Manager of the corporate banking division in 1989. He joined Dow Chemical Korea Ltd in 1992 as a Credit Manager and was subsequently promoted to a Treasurer in 1994. In 1996, he joined Hanjin Shipping Co., Ltd. as a General Manager and was subsequently promoted to a Managing Director for South East and West Asia. In 2009, he started an investment advisory business known as Braintrust Partner Co., Ltd. and has been the Executive Managing Director since then. Mr. Kim is also a member of the Investment Committee of RRJ Capital group.

Mr. Kim has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Shanthi Kandiah
Independent Non-Executive Director
Age 49, Female, Malaysian

Ms. Shanthi Kandiah was appointed as Independent Non-Executive Director of the Company on 1 August 2017.

She holds a Masters in Law from King's College London, a Bachelor of Law (Honours) Degree from University of London as well as a Postgraduate Diploma in Competition Economics from King's College London.

She founded Shanthi Kandiah Chambers (SK Chambers) in 2014, a law firm providing niche legal and regulatory services in new, evolving and complex areas of law and regulation namely competition law, the full spectrum of telecommunications and multimedia laws, privacy and data protection matters, cybersecurity laws as well as capital market laws and exchange rules.

Ms. Shanthi began her career in Securities Commission Malaysia in 1993 where she was part of the pioneer team that oversaw seminal law reform initiatives towards modernising and strengthening the Malaysian capital market. She was intimately involved in the development of the Finance Committee Report on Corporate Governance and the first Malaysian Code of Corporate Governance in 2000. She has also co-authored Malaysia's reports for the World Bank and Organisation for Economic Co-operation and Development.

Ms. Shanthi is currently a member of the Nomination Remuneration and Corporate Governance Committee upon her appointment as the Board committee member on 1 January 2018.

She has no family relationship with any director or major shareholder of the Company nor has she any conflict of interest with the Company. She attended all four Board Meetings during the financial year.

John Stephen Ashworth
Alternate Director to Ip Sing Chi,
Non-Independent Non-Executive Director
Age 55, Male, Chinese

Mr. John Stephen Ashworth was appointed as Alternate Director to Ms. Ip Sing Chi, a Non-Independent Non-Executive Director of the Company, on 1 July 2016.

Mr. Ashworth graduated with a Bachelor of Arts Degree from the University of Leeds, United Kingdom. He is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

He started his career as a Chartered Accountant for Peat Marwick in London. Between 1992 and 2001, Mr. Ashworth worked for CK Hutchison Holdings Limited and the Hutchison Ports Holdings ("Hutchison Ports") Group in a number of senior finance and management positions. Between 2002 and 2010, he was Asia Pacific Chief Financial Officer for the Constituency Management Group, the marketing communications division of the U.S. listed Interpublic Group. In 2010, he was the Chief Executive Officer of PT. Hutchison Ports Indonesia, with responsibility for the management and development of Hutchison Ports' port interests in Indonesia, a position he held until 2014.

Mr. Ashworth is currently the Managing Director of South East Asia Division for the Hutchison Ports' portfolio of companies. He is also a Director and Alternate Director to Ruth Sin Ling Tsim in Westports Malaysia Sdn. Bhd., a subsidiary of the Company.

Hutchison Ports, through South Port Investment Holdings Limited, is a major shareholder of the Company. Mr. Ashworth is not involved in the management and day-to-day operations of the Company.

Andy Wing Kit Tsoi
Alternate Director to Ruth Sin Ling Tsim,
Non-Independent Non-Executive Director
Age 52, Male, Chinese

Mr. Andy Wing Kit Tsoi was appointed as Alternate Director to Ms. Ruth Sin Ling Tsim, a Non-Independent Non-Executive Director of the Company, on 26 March 2018. After graduating from York University in Canada with Bachelor of Arts Degree in 1989 and Master of Business Administration Degree in 1991, he started his career in ABN AMRO Bank HK and held various senior positions between 1992 to 1997. Thereafter, he was attached to BNP Paribas HK as Associate Director in Debt Markets Division and was responsible for loan syndication prior to joining Hutchison Port Holdings Limited ("Hutchison Ports") in 1998.

He was appointed as Hutchison Ports' Regional Director for Pakistan, Oman and Saudi Arabia in 2011 and increased his responsibilities for United Arab Emirates and Tanzania in 2012.

Mr. Tsoi is currently the Managing Director for Middle East & Africa overseeing Hutchison Ports' business in Pakistan, Oman, Saudi Arabia, United Arab Emirates, Iraq and Tanzania.

Hutchison Ports, through South Port Investment Holdings Limited, is a major shareholder of the Company. Mr. Tsoi is not involved in the management and day-to-day operations of the Company.

This section has been intentionally left blank.

Profile Of Management Team

Lee Mun Tat
Chief Executive Officer
Age 47, Male, Malaysian

Mr. Lee Mun Tat was appointed as Chief Executive Officer of WMSB on 1 January 2018. As Chief Executive Officer, he is primarily responsible for Terminal Planning, Container Operations, Commercial, Finance, Marketing and Engineering of the WMSB.

Prior to his current role, Mr. Lee has held various positions in the company as the Senior General Manager (2017), Head of Commercial (2006 to 2016) and Finance Manager (2003 to 2005). He has extensive working experience in commercial affairs, business development, terminal service contracts, pricing, and statistics as well as credit control.

Mr. Lee began his career in Matsushita Electronics Components (M) Sdn Bhd before joining Jutajaya Holdings Berhad and All Best Furniture (M) Sdn Bhd with the last position as Group Finance Manager.

He holds a Bachelor of Business from Edith Cowan University Australia. Mr. Lee is also a qualified Chartered Accountant from Malaysia Institute of Accountants and a member of the Certified Public Accountants (CPA) in Australia.

Mr. Lee attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 2004. He has also attended the General Management Programme in Boston US in 2016, and he is an Alumnus of the Harvard Business School.

Mr. Lee has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Vijaya Kumar Puspowanam
General Manager
Marketing and Conventional
Age 42, Male, Malaysian

Mr. Vijaya Kumar Puspowanam joined the Westports Group in January 2000 as Gate Operations Executive and has since served under various departments such as gate, vessel operations and terminal planning before assuming his present position in January 2008.

He is currently responsible for marketing activities to meet the Group's volume projections, to grow regional feeder services and regional volume, to encourage logistics businesses to use more of the terminal, and to lead customer services initiatives to increase our competitive advantage. He is also responsible for Customer Service IT team which focusses on improving customers experience using the E-Terminal Plus customer portal. The conventional operations presently report to him as well.

He has 18 years of experience and in-depth terminal operations knowledge. Having served under a few Port Klang Authority and the Ministry of Transport Task Forces, he is also well-versed in the overall logistics industry matters.

Mr. Vijaya holds a Business Administration (International Business) Degree from Universiti Kebangsaan Malaysia. He attended the Harvard Business School's Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 2004. He presently represents the Company in the Port Consultative Committee under the purview of the Port Klang Authority. He represents the Company in the Steering Committee of the Port Klang Operations Task Force which is chaired by Port Klang Authority.

Mr. Vijaya has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Nanthakumar A/L Murokana @ Murugan
General Manager
Container Operations and Resources
Age 46, Male, Malaysian

Mr. Nanthakumar A/L Murokana @ Murugan joined the Westports Group in May 1999 as a management trainee focusing on yard planning. Thereafter, he was transferred to the container operations department in 2003 to manage the operations team. In 2006, he headed the container department as Head of Container Operations overseeing the planning, operations and resource functions. In 2015, he was made Head of Container Logistics department before returning as Head of Container Operations department in 2016. He also focuses on succession planning and competencies development through constant coaching and training.

Mr. Nanthakumar has 19 years of experience in container operations. Prior to joining the Westports Group, he worked for Wal Mart in Detroit, USA, as an Assistant Manager in 1998 before returning to Malaysia in 1999.

He holds a Bachelor of Business Administration Degree from Western Michigan University, USA. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 2006. He also obtained a Diploma and Port Management from the University of Cambridge, Local Examination Syndicate in 2001.

Mr. Nanthakumar has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Tan Wei Chun
General Manager
Terminal Planning and Development
Age 44, Male, Malaysian

Mr. Tan Wei Chun joined the Westports Group in September 1998 as an Operations Executive and has since been attached to various departments including operations, customer services, gate and logistic operations, berth planning, vessel planning and yard planning prior to assuming his present position in January 2011. He is currently responsible for overall yard planning, berth planning, vessel planning, gate logistics and Operations IT.

He holds a Degree in transportation and logistics from the Chartered Institute of Transport and is a member of the Chartered Institute of Transport since 1997. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 2004.

Mr. Tan has 20 years of experience in areas of capacity planning, strategic yard planning, vessel stowage planning, cargo terminal operations, control room operations, project management and operations information technology development. Prior to joining the Westports Group, he worked with Kontena Nasional Berhad from 1993 to 1998 in various positions involving haulage, customer services, container freight station and depot management.

Mr. Tan has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Ahmad Damanhury bin Ibrahim
Head of Engineering
Age 51, Male, Malaysian

Encik Ahmad Damanhury bin Ibrahim joined the Westports Group in July 1995 as a civil engineer and assumed his present position in July 2007. He is currently responsible for the port infrastructures and facilities maintenance, hydrography and dredging, port expansion project developments and other technical feasibility studies.

He holds a Degree in Civil Engineering from Syracuse University, New York, USA, a Diploma in Port Management from the University of Cambridge Local Examinations Syndicate and a Masters of Science in Facilities Management from the University of Technology MARA. He is a member of the Institution of Engineers Malaysia, Board of Engineers Malaysia and Project Management Institute (PMI), USA. He attended the Harvard Business School's Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 1998.

Encik Ahmad has performed various port infrastructure development projects and project management roles ranging from design engineer, projects engineer, projects manager and head of projects position for a myriad of engineering projects. Prior to Westports, he worked with a UEM Group subsidiary involved in the planning and construction management of the PLUS and Metramac highway projects. Thereafter, he was attached to a consultancy firm from 1992 to 1995 involved in the Subang Airport Redevelopment project and the Kuala Lumpur International Airport project.

Encik Ahmad has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Lee Hooi Huang
Assistant General Manager
Information Technology
Age 51, Female, Malaysian

Ms. Lee Hooi Huang joined the Westports Group on 1 January 1997 as the Company's Systems Manager and assumed her present position in 2005. She is currently responsible for overseeing information technology projects, outsourcing and development for the Westports Group.

Ms. Lee has more than 30 years of experience in application development and project implementation. Prior to joining the Westports Group, she was with G Team Consultants from 1989 to 31 December 1996 as a Systems Analyst. Throughout her career, she was responsible for the enterprise-wide project implementation of OPUS Container Terminal Operating System, Enterprise Resource Planning (ERP), Human Capital Management System and e-Terminal Plus as well as IT infrastructure outsourcing initiatives at Westports.

She holds a Bachelor of Applied Science in Computer Studies Degree from the South Australian Institute of Technology.

Ms. Lee has no directorships in other public companies and listed issuers. She does not have any family relationship with any director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Khoo Theng Fei
Assistant General Manager
Finance
Age 34, Female, Malaysian

Ms. Khoo Theng Fei joined the Westports Group in April 2015 as a Finance Manager. She assumed her current position with effect from January 2017 with the responsibility for overseeing financial related matters of Westports. She holds a Bachelor Degree in Accounting and Finance from Sheffield Hallam University, UK, and has been an Affiliate of the Association of Chartered Certified Accountants (ACCA) since 2009. She attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, USA, in 2016.

Ms. Khoo has ten years of experience in the field of accounting and finance. She started her career as a tax consultant with Ernst & Young Tax Consultants Sdn Bhd in 2007. Subsequently, she joined Barry Callebaut Malaysia Sdn Bhd as a Senior Finance Executive in 2011 and was the company's Costing Manager prior to joining Westports.

Ms. Khoo has no directorships in other public companies and listed issuers. She does not have any family relationship with any director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

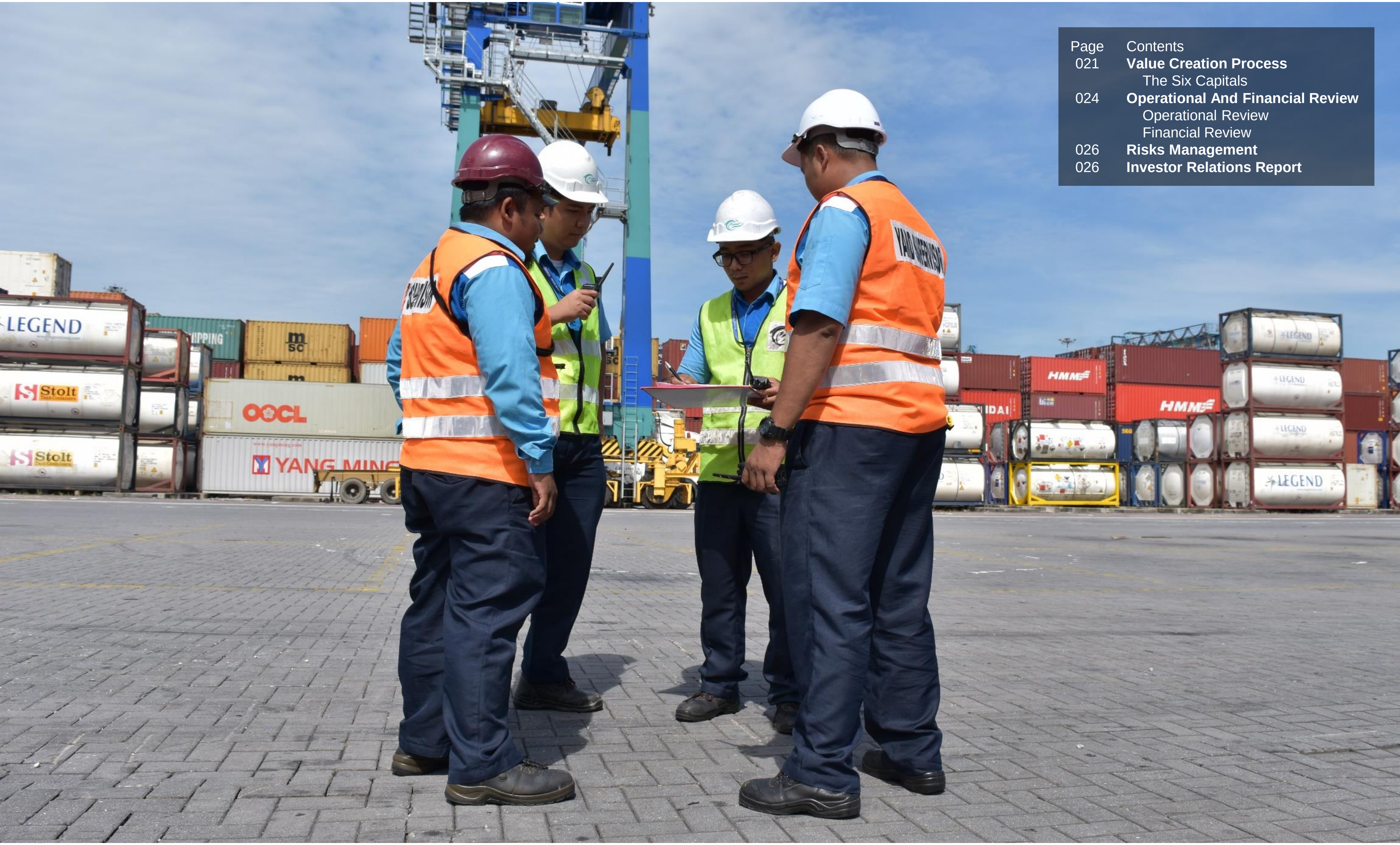
G.Ravindran Gunasekaran
Head of Human Resources
Age 48, Male, Malaysian

Mr. G.Ravindran Gunasekaran joined the Westports Group in January 1996. He started as a Traffic Executive, and then moved to Warehouse and later as a Claim Executive in the Conventional Department. He was subsequently transferred to the Container Department in 1999 as a Vessel Planner and then joined the Yard Planning Team. In 2001, he was absorbed into Container Operation and was assigned various designation and responsibilities such as the Shift Operation manager (SOM), Vessel Operation Manager (VOM), 5th Vessel Operation Manager and Head of Container Operations and Marine.

He assumed his current position as Head of Human Resource Department since September 2018. He is also the chairperson for the Westports Join Consultative Committee (WJCC). He holds a Bachelor Degree in Anthropology and Sociology from University Kebangsaan Malaysia. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in 2004. He started his career as a Marine Surveyor in SGS Malaysia. To date, Mr. G.Ravindran has 24 years of experience in the field of Logistic and Ports.

Mr. G.Ravindran has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five years.

Westports operates 24 hours a day, 365 days a year. Each day, there are three shifts, each working for eight hours



Page Contents

Financial Capital
Value Creation Process

Our financial sustainability will rely on the availability and management of our own internal and externally sourced capitals. Financial capital, as a stock of value, enables and supports value creation with all other capitals. Through the prudent combined use of capital inputs, such as share capital, cash reserves and externally sourced borrowings, we fund our operations, terminal expansion projects, enhance existing facilities, and improve the productive capacity of our people through training and innovation. Our business strategy aims to create long-term, sufficient capacity and sustainable growth.

In 2018, total operational revenue declined mainly due to the adoption of MFRS 15, effective from 1 January 2018, which otherwise would have broadly reflected the container volume changes. The Company's total profit before tax level was affected by the higher depreciation and amortisation charges which reflected the full-year impact from the higher capitalisation of terminal operating equipment and container terminal expansion that was completed at the end of 2017. At the bottom line, in the absence of investment tax allowance during the current financial period, the overall effective tax rate increased to 24%, thereby moderating the Company's profit after tax in 2018 to RM533 million.

Financial Capital

Input RM'000	2018	2017	2016
Total Group Equity	2,415,086	2,336,847	2,131,091
LT And ST Borrowings	1,500,000	1,500,000	1,150,000
Cash & Cash Equivalents	444,051	560,305	420,510

Financial Capital

Output RM'000	2018	2017	2016
Total Operational Revenue	1,614,694	1,715,881	1,804,336
Total Profit Before Tax	701,217	676,882	754,819
Total Profit For The Year	533,474	651,511	636,981

Outcome
- Total distribution to employees, government and shareholders of RM869 million in 2018
- Continued financial viability and strength of the Company
- Favourable $AA+_{IS}$ rating by MARC for Westports RM2.0 billion Sukuk Musyarakah Programme
- Gearing ratio of below 0.7x

Impact
- Westports is the only listed entity offering investors direct exposure to the container operations at Port Klang
- Given the Company's sizable market capitalisation, Westports also indirectly becomes a designated representative company for the transport and logistics sector in Malaysia

Manufactured Capital
Value Creation Process

Westports has invested RM2.5 billion in container terminal expansion and other major infrastructure improvements over the last five years. The Company is now the largest container terminal in Malaysia and is the key gateway port to Klang Valley, which is the most densely populated region in the country. The expansion at Westports has continued to support its critical role in facilitating Malaysia as well as the region's economic development and also broadly containerised trade growth.

The progressive sustained investment in our manufactured assets enables Westports to create long-term value and returns for the Company, a positive impact on our stakeholders and broadly, the domestic and even regional economies.

Westports is currently evaluating a significant expansion programme, and the undertaking will also take into consideration potential impact to all our stakeholders, including economic benefits, social and environmental concerns. We will be having active engagement with the project's stakeholders to assist in guiding the most responsible and beneficial balanced outcomes for all stakeholders concerned. Westports is cognisant that our operations will also have multiple impacts on the environment through emissions and altered ecosystems. Westports is committed to ensuring that the expansion would create sustainable and substantial value creation for all stakeholders concerned.

Manufactured Capital

Input RM'000	2018	2017	2016
Property, Plant & Equipment	1,776,807	1,828,931	1,515,397
Total Concession Assets	2,429,240	2,389,219	2,088,983
Group Capital Expenditure	209,807	811,985	490,493

Manufactured Capital

Output	2018	2017	2016
Container Handling Capacity (TEUs)	14.0m	13.0m	12.0m
Total Ship-To-Shore Cranes	67 units	67 units	55 units
Container Throughput (TEUs)	9.5m	9.0m	9.9m

Outcome
- The highest container handling capacity in Malaysia, fulfilling exporters and importers requirements as they ship their containerised cargoes
- An established track record of accommodating the world's largest container vessels

Impact
- A crucial and proven gateway terminal supporting Malaysia and especially Klang Valley's vibrant economy
- Westports is also one of the largest regional transhipment hubs especially for South East Asia

Intellectual Capital

Value Creation Process

The intellectual capital of Westports consists of organisational capital such as our knowledge in the form of procedures and manuals; the expertise acquired or developed in knowledge-based systems of governance, compliance, leadership skills, and know-how nurtured and gained from copyrights and licences. This capital has supported the innovation, implementation and provision of terminal handling, container yard, gate and bulk cargoes services. Westports has placed continuous innovation and effective project implementation as one of its core tenets. The latter has facilitated the sustained modernisation of Westports at an unprecedented pace since the inception of the terminal more than two decades ago.

Intellectual Capital

Input	Westports Corporate Culture
T	Teamwork
A	Accountability and Integrity
N	Now Culture
S	Safety Awareness
R	Responsible
I	Innovation
G	Good Family Values

The Company has implemented a number of initiatives during the current financial year to streamline our processes and enhance efficiencies. The projects undertaken required collaboration with internal and external stakeholders and technical solution providers as the new solutions were being integrated into our systems.

Intellectual Capital

Input	IT Initiatives And Implemented Projects
2018	Gate System 2 - CCTV Application
2018	OPUS Terminal Operating System
2018	GPS Monitoring System For TOE
2018	Predictive Maintenance System
2018	Tablet Terminal Truck (T-TAB)
2018	Tug Boat Optimisation System
2018	Energy Management System
2018	CargoMove Depot Booking System
2017	uCustoms with customs department
2016	Safety Of Life At Sea Amendment – VGM
2015	e-Terminal Plus
2015	Paperless Gate Pass

Intellectual Capital

Output	2018	2017	2016
Total Movement At Container Gate	1,719,736	1,862,699	2,187,282
Total Vessels Accommodated	8,550	8,502	9,627
Conventional Throughput (MT)	10.7m	10.9m	11.8m

Outcome

- Technologies adaptation and implementation capabilities
- Terminal-wide integrated planning and execution
- Achieving global operational standards
- Fast gate-in and gate-out for external logistics-forwarding trucks

Impact

- As the highest performing terminal in Malaysia, Westports facilitates operations of Regional Distribution Hub and Transhipment Staging Post for certain commodities for multinational corporations

Human Capital

Value Creation Process

Our people are the core to Westports success, operational excellence and long-term sustainable growth, aided by high levels of competencies, their unwavering commitment to our mission has supported Westports to be established as the largest container terminal in the country within two decades. Our operating context is industrial and infrastructure in nature. Occupational training and comprehensive policies and procedures are needed to guide and safeguard our employees and other stakeholders in and around our operations. The Company emphasises career development, training and learning. Staff are encouraged to undertake relevant courses and attend seminars or conferences which would enhance employee expertise and skills-set.

Westports practises a flat hierarchy with all employees being of equal value. The Group policy stipulates that equal opportunities must be provided to all employees with regards to hiring, pay rates, training and development, promotions and other terms of employment. The term discrimination includes any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction, social origin or age.

Any acts of discrimination or harassment when dealing with employees, customers and/or suppliers are not tolerated. Offenders are subject to severe disciplinary action including the possible termination of employment.

Human Capital

Input	2018	2017	2016
Westports Total Workforce	4,603	4,456	4,611
Total Training Hours Of All Staff	418,868	468,792	512,586
Westports Staff Recruitment	682	895	1,370

Human Capital

Output	2018	2017	2016
Total Employees Cost (RM'000)	246,490	228,215	233,228
LTI Frequency (every 200k hours)	0.99	2.15	2.26
Westports Staff Resignation	718	940	1,034

Outcome

- The largest employer at Pulau Indah
- In-house nurtured and a trained workforce with continuous capability improvement through training and development
- Sustainable and independent talent pool creation
- Training, exposure and mentoring to employees to encourage internalisation of desired organisational culture

Impact

- Enhance and improve human capabilities and effective, productive capacity especially for the transport and logistics industry and broadly also for the Malaysian job market

Social Relationship Capital

Value Creation Process

Westports operate in an environment with an extensive spectrum of stakeholders. Establishing and nurturing our social and relationship capital enables the Company to create intangible and tangible value, which is expressed through mutual trust, collaborative relationships, partnerships and the provision of excellent operational services and facilities. Our social relationship capital includes relationships with customers, business partners, logistics entities, suppliers, contractors, regulators, government bodies, the financial community, academic establishments, local communities at Pulau Indah and the media. Forging and nurturing positive stakeholders relationship contribute ultimately to commercial sustainability (such as strong client and logistics entities relationship), operational continuation (with a regulatory and social licence to operate the extensive facilities), and organisational stability and profitability (with support from the financial community, committed employees and strategic partnership).

Social Relationship Capital

Input To	Westports Commitment
Port Users & Clients	We communicate actively and deliver our work performance with speed and consistency
Community	Charity begins at home and we are committed to the development, well-being and future of Pulau Indah
Employees	To be a great place to work, where both individual accomplishments and team efforts are rewarded
Government & Authorities	We build constructive, respectful, open and transparent relationships with all regulators and authorities
Suppliers	We develop and maintain effective professional relationships with our suppliers to enjoy quality services
Shareholders & Investors	We adhere to the highest standards of corporate governance and work towards a healthy ROI

Social Relationship Capital

Output RM'000	**2018**	**2017**	**2016**
Total CSR Investments	2,867	3,897	1,785
Income Tax To Government	167,743	25,371	117,838
Total Local Procurement	579,208	737,301	603,430

Outcome

- Harmonious, mutually symbiotic and sustaining positive working relationships with all stakeholders
- Support from stakeholders for the continuous operation of Westports

Impact

- Positive contribution and a commitment to the socio-economic well-being, safety and health of the community, at Pulau Indah, in which Westports operates

Natural Capital

Value Creation Process

Westports is involved in building and maintaining an extensive container terminal and maritime port infrastructure, operating a sizeable number and type of terminal operating equipment, and facilitating the frequent movement of heavy vehicles carrying large volumes of cargo into and out of the Company's premises. Our activities have an impact on the ecosystems where we operate. The natural capital for Westports includes land, water, air and also the general biodiversity of the island where our operations are located. Our stakeholders such as our clients, logistics entities, regulatory bodies, contractors, suppliers and employees would inadvertently have an impact on the natural environment. Consequently, our operations generate wastes, including greenhouse gases, which is generally acknowledged to be a contributing factor to climate change.

Natural Capital

Input	**2018**	**2017**	**2016**
Diesel Fuel (million litres)	46.1	44.0	44.9
Electricity (million kWh)	97.0	90.7	94.6
Water Usage (million m^3)	1.30	1.34	1.60

Natural Capital

Output (Tonnes)	**2018**	**2017**	**2016**
CO_2e Emissions Scope 1	121,878	116,416	118,814
CO_2e Emissions Scope 2	71,886	67,223	70,125
CO_2e Emissions Scope 3	^6,598	284	120

^Scope 3 in 2018 comprises 6,340 tonnes of CO_2 arising from employees commuting and 258 tonnes from air travel. The Scope 3 emissions reported in 2017 and 2016 consisted of emissions from air travel only

Outcome

- Improvement in emissions intensity (measured by kg/CO_2e produced) has reduced some environmental impact
- Ongoing initiatives to enhance equipment deployment efficiency to reduce emissions, energy and operational costs

Impact

- Environmental impact awareness and stewardship as Westports focus on the long-term commitment of reducing our carbon emission intensity in the coming years as we focus on greater utilisation of more energy efficient terminal operating equipment

Container Throughput

’000 TEUs	2018	2017	2016
Transhipment Containers	6,226	6,220	7,390
Gateway Containers	3,298	2,805	2,556
Total Container Throughput	9,524	9,025	9,945
Container Terminal Capacity Utilisation	68%	69%	83%

Key Terminal Operating Equipment

Units	2018	2017	2016
Ship-to-Shore Crane	67	67	55
Conventional RTG Crane	115	115	115
Variable Speed / Hybrid RTG Crane	70	70	48
Terminal Tractors	527	524	464

Energy Consumption

	2018	2017	2016
Diesel (million litres)	46.1	44.0	44.9
Efficiency (litres/TEUs)	4.8	4.9	4.5
Electricity (million kWh)	97.0	90.7	94.6
Efficiency (kWh/TEUs)	10.2	10.1	9.5

Conventional Throughput

million tonnes	2018	2017	2016
Dry Bulk	4.1	4.8	4.3
Liquid Bulk	4.8	4.1	4.9
Break Bulk	1.7	1.7	1.8
Cement	0.1	0.3	0.8
Total Bulk Cargo Throughput	10.7	10.9	11.8
RORO (‘000 units)	156	138	141

Westports total container throughput improved in 2018 to 9.5 million TEUs after recovering from the decline in 2017; the latter was due to unfavourable impact arising from changes in the container shipping industry. In 2018, gateway containers increased by 18% to 3.3 million TEUs as our container terminal supported and reflected favourable domestic economic activities.

As for transhipment volume during the first six months of 2018, our throughput was adversely affected by the residual impact from mergers and acquisitions among container liners and the new alliances in the previous year. In the second six months of 2018, transhipment volume registered notable growth improvement of 15% after having established a new baseline volume and some front-loading shipment activities. For the year 2018, transhipment volume registered a volume of 6.2 million TEUs.

Container volume mix has improved as Westports handled proportionately more gateway containers at 35% as compared to the previous year of 31%.

In 2018, Intra-Asia remained as the most significant trade lane as container volume here increased by 14% to 5.9 million TEUs, and they constituted 62% of Westports total container volume. These containers were loaded at a port in Asia and were subsequently shipped to another destination port within Asia as well. Other notable trade lanes were Asia-Europe and Asia-Australasia that constituted 14% and 10% of Westports total container volume respectively.

During the second year of Ocean Alliance’s operations, liners have redeployed their largest and newest Ultra Large Container Vessel to call at Westports regularly. In 2018, our container terminal was privileged to have accommodated the maiden call of the OOCL United Kingdom which has a carrying capacity of 21,413 TEUs. OOCL United Kingdom is one of the carrier’s six ‘G Class’ vessels, and they are currently the world’s largest container ship. Westports also accommodated CMA CGM Antoine de Saint Exupery, CMA CGM’s newest flagship vessel then, and Evergreen’s new Ever Golden 20,388 TEUs vessel.

In 2018, the total number of container vessels calling at Westports has increased by 1% to 6,966 from 6,881 in 2017 whereas the total container volume handled has actually increased at a faster rate of 6% due to the gradual deployment of ever larger vessels in more services – an effect known as cascading in the container shipping industry. Westports has invested RM2.5 billion in expanding Container Terminal 7, 8 and 9 in recent years and the latest state-of-the-art terminal operating equipment, contiguous linear container terminal berth and the deep draft would enable our terminal to support our clients’ plans of deploying ever larger vessels.

Westports completed the latest Container Terminal 9 expansion at the end of 2017 and with overall container terminal utilisation of 68% in 2018, we can accommodate additional organic volume growth without having to invest in additional terminal operating equipment. Hence, there was no significant increase in the fleet of our key terminal operating equipment. For Terminal Tractors, we acquired newer and more fuel efficient trucks and disposed of old units.

The Company handled nearly identical total conventional throughput of 10.7 million metric tonnes in 2018. The dry bulk segment is divided into two categories, i.e. the edible-agricultural segment and the non-edible mostly building-related cargoes. The dry bulk-edible category saw the lower volume of soya and wheat while the dry bulk-non-edible segment saw lesser throughput of coal and slag. Liquid bulk volume improved with higher crude palm oil throughput which completely offset the lower volume seen at the bunker fuel operation. Break bulk handled, among others, steel products and project cargoes, but overall volume remained about the same. Meanwhile, cement throughput has continued to decline with relatively lesser major construction and infrastructure developments. The RORO segment enjoyed higher volume as the 3-month exemption on Goods and Services Tax, following the change in Government, boosted demand for Complete-Build-Up Unit (“CBU”) type of vehicles.

In 2018, Westports conventional operations successfully handled cargoes from 1,584 cargo vessels.

Revenue

RM million	2018	2017	2016
Container	1,350	1,451	1,536
Conventional	143	145	147
Marine	77	78	84
Rental	45	42	37
Operational Revenue	1,615	1,716	1,804
Construction	0	373	231
Total Revenue	1,615	2,089	2,035

Cost Of Sales

RM million	2018	2017	2016
Container	89	282	331
Conventional	21	22	22
Marine	29	32	36
Fuel	103	82	64
Electricity	35	32	33
Manpower	196	179	183
Depreciation	187	162	145
Operational Cost Of Sales	660	790	813
Construction	0	373	231
Total Cost Of Sales	660	1,163	1,044

Income Statement

RM million	2018	2017	2016
Gross Profit	954	926	991
Other Income	9	27	33
Admininstrative Expenses	(16)	(27)	(36)
Other Expenses	(165)	(181)	(169)
Operating Profit	782	745	819
EBITDA	998	930	987
Finance Income	11	12	13
Finance Costs	(92)	(80)	(77)
Profit Before Tax	701	677	755
Taxation	(168)	(25)	(118)
Profit After Tax	533	652	637

Cash Flow

RM million	2018	2017	2016
Operating Profit Before Working Capital Changes	1,005	926	988
Net Cash From Operating Activities	588	1,085	882
Net Cash Used In Investing Activities	(198)	(799)	(361)
Net Cash Used In Financing Activities	(508)	(150)	(498)
Net Change In Cash & Cash Equivalents	(118)	136	23
Closing Balance	407	524	388

Westports recorded lower total revenue of RM1.61 billion. There was an absence of construction revenue as the container terminal expansion was completed in 2017 and there were no infrastructure related activities in 2018. In accordance with IC interpretation 12, construction revenue is deemed to be equal to the fair value of infrastructure construction cost, thereby not impacting the gross profit level. Also, since the principal activity of Westports is in port development and the management of port operations, it is more appropriate to evaluate the Company's performance by excluding construction revenue and construction cost.

Container revenue declined mainly due to the adoption of MFRS 15 from 1 January 2018, which otherwise would have broadly reflected the container volume changes. Revenue from gateway and transhipment volume constituted a significant portion of the overall container revenue while there was a notable higher contribution from value-added services arising from higher charges for refrigerated containers.

Within the conventional revenue categories, the revenue changes of the cargo-type mirrored their respective volume changes during the year.

Marine revenue reflected the lower total number of vessels calling at Westports despite handling more larger vessels while rental revenue improved with step-up in tier rates for land lease.

The Company's total operational cost of sales declined mainly due to significantly lower container cost, also arising from the adoption of MFRS 15, that has completely offset the higher maintenance and repair cost for the fleet of terminal operating equipment given the higher container throughput.

Manpower is the largest operational cost component, and it has increased in 2018 due to higher headcount at container operations arising from the full-year cost impact following the completion of the terminal expansion at the end of 2017.

Depreciation and amortisation charges reflected the full-year impact arising from higher capitalisation of terminal operating equipment and container terminal expansion that was completed at the end of 2017.

The most significant cost increase was fuel in 2018. The much higher fuel cost was due to higher average benchmark fuel prices and a relatively weaker Ringgit, thus resulting in the average cost per litre to increase by 21%.

Electricity consumption is to power the 67 units of Ship-to-Shore Crane to load and unload containers and to maintain refrigerated containers at their desired temperature. The total cost has increased due to higher kWh of electricity used and implementation of the Imbalance Cost Pass-Through (ICPT) surcharge.

Gross profit improved in 2018 as operational cost of sales declined more than operational revenue. The higher EBITDA (earnings before interest, tax, depreciation and amortisation) also reflected the improved performance of the Company for the year.

Other expenses decreased during the year despite higher non-operational manpower cost, increased staff training and medical expenses.

There were no additional borrowings in 2018. The higher finance cost reflected the full year impact of facility drawn down in 2017. In the absence of investment tax allowance, the overall effective tax rate increased to 24%, thereby moderating the Company's profit after tax in 2018 to RM533 million.

At the cash flow statement, the net cash from operating activities declined with payments made in 2018 for various Terminal Operating Equipment delivered at the latter part of 2017.

Net cash used in investing activities eased with the completion of the container terminal expansion and purchases of new terminal equipment in the previous year. Investment in 2018 included the RM116 million for the 154-hectare land earmarked for the proposed container terminal expansion in the future.

Higher financing activities as there were no additional drawdowns in 2018. Lastly, the closing cash and cash equivalents (including pledged deposits) for 2018 was RM444 million.

Risks Management

The objective of risk management is to provide a systematic methodology to identify, prioritise and manage risks. As we integrate risk management into our business decision-making processes, we would be able to anticipate better and manage risks arising from our external environment. We maintain a comprehensive risk register which is being reviewed on a quarterly basis. New risks are being identified and included while issues that no longer pose a risk are excluded from the risk register. The material risk items that have a higher potential impact to our business are elaborated below along with our mitigation plans.

1. Changes to the port of call

Impact
- Main Line Operators (“MLO”) and other vessel operators could change their port of call, and this may adversely affect the Company’s transhipment volume and overall profitability.

Mitigation
- Westports’ strengths are in its world-class productivity levels, modern port facilities, IT capabilities, competitive port charges, and excellent responsiveness to customers’ requirements. These are among the key factors that clients evaluate when they select their choice of a port of call.

2. Competition from other ports

Impact
- Competition from regional ports and MLO with joint-ventures with other terminal operators may influence transhipment volume at Westports.

Mitigation
- In addition to the mitigation factors outlined in the first risk, Westports also focus on actively engaging with our clients to assess how we can serve them better. Westports is embarking on an expansion programme which would be able to cater to our clients’ longer-term volume requirements.

3. Customer concentration

Impact
- A sizable percentage of our container volume is derived from major MLO.

Mitigation
- Beside the mitigation factors outlined in the first two risks, the Company ensures the maintenance of customer satisfaction levels through regular feedback on our operational performance and service levels. The strong growth at intra-Asia trade lane lessened client-concentration risk as there are more relatively niche and smaller shipping lines here.

4. Macroeconomic Developments

Impact
- Global economic growth is expected to remain positive, but protectionism could contribute to a slowdown in international trade, hence adversely impacting global container volume.

Mitigation
- Westports derive more than half of the container volume from intra-Asia trade lane. And if container throughput does slow down, pro-active steps would be taken, including controlling discretionary expenses, scrutinising volume-related costs, reviewing capital expenditures and financial position at greater regular intervals, and engaging actively with clients.

Investor Relations Report

Westports is committed to maintaining a strong relationship with our investors. We engage continuously with our institutional investors, sell-side and buy-side equity analysts and also rating analysts to keep them sufficiently updated with our operational and financial performance and also prospects to enable them to make informed decisions about their investment in our Company. The engagement meetings are attended by the Group Managing Director, Chief Executive Officer or Head of Investor Relations.

Quarterly Financial Results And Analyst Coverage

Upon releasing the quarterly financial results to Bursa Malaysia Securities Berhad (“Bursa Securities”), Westports issues press releases and conducts briefings or conference calls. The briefings or conference calls are to provide a balanced and updated perspective of our operational and financial performance, expansion plan, and the Company’s prospects and outlook. Analysts and fund managers seek clarification and have their queries responded to by the Company in these sessions.

To ensure consistent transparency of external communication, the presentation material referred to during the quarterly conference calls and briefings are being made available immediately on our website at www.westportsholdings.com and also emailed to those on our Investor Relations contact list after we have released the announcement to Bursa Securities. There is a total of 16 local and regional equity analysts that provide active coverage on Westports.

Investor Relations Report

Meetings, Conferences And Roadshows

While Westports continues to attract interest from local and international investors, it also recognises the importance of maintaining regular contact and building rapport with local and foreign investors. Our investor relations initiatives include one-to-one meetings with investors, participation in major investment conferences and engaging investors in non-deal roadshows (NDR) covering the major financial market centres in Singapore, Hong Kong and the United Kingdom. Westports has participated in a total of 11 conferences and NDR locally and internationally in 2018. In addition to that, we have also hosted and accommodated more than 70 meetings, port tours and conference calls with analysts and investors who want to be informed and also be updated with an understanding of Westports and the industry the Company is operating within. We had also accommodated the request from retail investors in 2018 when Westports conducted a briefing and a port tour for the value investors club, EquitiesTracker.com.

Index Member

Westports is one of the constituents of the FTSE4Good Bursa Malaysia Index, and the index consisted of public listed companies that are currently demonstrating high Environmental, Social, and Governance (“ESG”) practices. Westports was included in the Amsterdam-based Global Property Research’s GPR Pure Infrastructure Index Series in 2016, and the Company has been one of the constituents of the MSCI Malaysia Index since 2015. Westports is included in the FTSE Bursa Malaysia Mid 70 Index in 2017.

The inclusions of Westports into these indices reflect international and local investors’ interest, investment and confidence in the financial and operational performance of the Company as well as overall corporate governance matters. Westports is the only listed entity offering investors direct exposure to the container operations at Port Klang and given the Company’s sizable market capitalisation, it also indirectly becomes a designated representative company for the transport and logistics sector in Malaysia.

Dividend Policy

It is the policy of our Board of Directors (“Board”) in recommending dividends to allow shareholders to participate in our profits while retaining adequate profits and reserves for our working capital requirements and capital expenditure to invest for future growth. The recommendation and declaration of dividends are subjected to the discretion and approval of our Board. Our financial capacity to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including:

- The level of our cash, gearing, return on equity and retained earnings;
- Expected financial performance;
- Projected levels of capital expenditure, and future investment plans;
- Working capital requirements; and
- Existing and future debt obligations.

We propose to pay dividends out of cash generated from our operations after setting aside the necessary funding for capital expenditure and working capital requirements. As part of this policy, our Company had targeted a dividend payout ratio of not less than 75% of our consolidated profit attributable to our equity holders since the financial year 2013 when Westports became a public listed company.

This dividend policy merely describes our Company’s present intention and shall not constitute as a legally binding statement in respect of our Company’s future dividends that are also subject to modification by Westports Board’s discretion.

Dividend

For the financial year ended 31 December 2018, Westports has declared dividends amounting to RM400.0 million, as follows:
- 1st interim dividend of 5.40 sen per share amounting to RM184.1 million, paid on 20 August 2018; and
- 2nd interim dividend of 6.33 sen per share amounting to RM215.9 million, paid on 1 March 2019.

The total dividend declared to our shareholders represented 75% of the Company’s profit after taxation for the financial year ended 2018. It represents a total payout of 11.73 sen per share.

Shareholder Base

As at 31 December 2018, Westports had 4,969 shareholders’ accounts comprising of institutional, private and retail shareholders holding a total of 3.410 billion shares. Foreign shareholdings interest in Westports was 32.76% as at 31 December 2018, and this included South Port Investment Holdings Limited’s shareholding of 23.55% in the Company.

Credit Rating

Westports continues to exhibit strong operational performance, financial fundamentals and balance sheet strength, enabling us to retain a credit rating of AA+IS issued by Malaysia Rating Corporation Berhad since January 2008. The last review was done in June 2018.

Westports container terminal accommodating the maiden call of our client's newest container vessel

Page	Contents

Corporate Responsibility

Westports is committed in its corporate responsibility efforts and has close engagement with the community, workforce, environment and marketplace. We believe this also ensures the sustainability of our business operations and is one of the reasons for our success as Malaysia's main transhipment and gateway port.

We have produced a separate Westports CSR Report 2018 to highlight our activities which contribute primarily to the communities at Pulau Indah. The report can be downloaded from www.westportsholdings.com.

Annual mangrove planting initiative in collaboration with other stakeholders since 2015

Below is the summary of Westports CSR initiatives in 2018:

Department	Area Of Focus	Programme
Human Resource	Education	• Science Hydroponic • Score-A Workshop • Building Circuit Board • Talk On The Science Behind Fasting • Microsoft Power Point Training • Roda Ilmu • Program Prismatik @ UKM
Conventional	Asli Community	• Personal Hygiene For Kids • House Cleanliness Competition
IT	IT Related Areas	• Sponsoring Computers • Basic Computer Maintenance Workshop
Engineering	Audit And Facilities Upgrading	• Street Light Audit • Painting Work At SK Pulau Indah • Westports Engineering Seminar • Air Conditioning Servicing @ SMKPI
Marketing	Royal Selangor Yacht Club (RSYC) And Environmental Related Initiatives	• RSYC Certification Presentation • Mangrove Planting • Edible Garden Farming (Part 1) • Edible Garden Farming (Part 2)
Finance	Poor Families / Warga Emas	• Pulau Indah Survey • Baking Class With Single Mothers • Back to School Programme
Container	Gotong - Royong	• Gotong - Royong Masjid Sultan Abdul Aziz • Gotong - Royong Madrasah Tahfiz Ar-Raudhah Sg Kembong
M&R	Kolej Vokasional	• Engagement Programme • Westports Jersey Sponsorship • Career Talk
Planning	Agriculture	• Fertigation Farming
EHS	Prevention Of Dengue	• Gotong - Royong Gempur Aedes • Programme Gempur Aedes
Port Police	Safety And Security	• Crime Prevention And Road Safety Programme • Fire Prevention Programme

The Board of Directors ("**the Board**") of Westports Holdings Berhad ("**Westports**" or "the **Company**") recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is practised throughout the Company and its subsidiary ("**the Group**") with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Group.

As required under the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), this Corporate Governance Overview Statement reports on how the Company has applied the Principles and Practices to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 ("**MCCG**") throughout the financial year ended 31 December 2018 ("**the Year**" or "**2018**") and up to the date of this Annual Report. This statement is to be read together with Corporate Governance Report 2018 based on a prescribed format as outlined in Paragraph 15.25(2) of the Listing Requirements, which can be downloaded from Westports' website at www.westportsholdings.com or from Bursa Securities' website.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD ROLES AND RESPONSIBILITIES

Board's Role

The Company is led by an experienced and dynamic Board. It has a balanced composition with effective independent directors. The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders' value. To fulfil this role, the Board assumes the duties and responsibilities as set out in the Board Charter.

The Board is charged with leading and managing the Company in an effective and responsible manner. The Board's role is to oversee and provide stewardship to the Company's strategic direction to maximise shareholders' value while Management manages the day-to-day operations of Westports in accordance with the direction and delegation of the Board.

The Board reserves for its decision a formal schedule of matters, which include approval of the following, to ensure that the direction and control of the Group is firmly in its hands:

- Conflict of interest issues relating to a substantial shareholder or a Director including related party transactions;
- Material acquisitions and disposals of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions as well as corporate exercises;
- Authority levels;
- Treasury policies;
- Yearly and quarterly financial results;
- Risk management policies; and
- Key human resources issues.

Matters outside the scope of the formal schedule are decided by the Board Committees and the Management in accordance with delegated authorities approved by the Board. All the Board Committees operate within their respective charters. Management manages the day-to-day operations in accordance with a Policy on Delegation & Limit of Authority with clearly defined authority limits for capital expenditure, operating expenditure, contract awards, safeguarding of assets, business decision activities, segregation of duties and other significant transactions, among others. Defined authority limits continue to be closely monitored in response to prevailing market conditions.

Separation of Chairman and Group Managing Director ("GMD")

The Chairman of the Board, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam leads the Board to focus on governance and compliance and acts as a facilitator at Board meeting to ensure that contributions from Directors are forthcoming on matter being deliberated and that no Board member dominates the discussion.

Westports also aims to ensure a balance of power and authority between the Executive Chairman and the GMD. The positions of the Executive Chairman and GMD are held by different individuals. Their roles are separated and are clearly defined in the Board Charter. The Executive Chairman is primarily responsible for the running of the Board whereas the GMD is primarily responsible for the Company's business. Whilst the Executive Chairman and GMD are collectively responsible for the leadership of the Group in promoting the highest standards of integrity and probity, there is a clear division of accountability and responsibility between the Executive Chairman and the GMD and each plays a distinctive role whilst complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

The Executive Chairman is responsible for leadership and governance of the Board so as to create the conditions for the overall Board's and individual Director's effectiveness, and ensures all key and appropriate issues are discussed by the Board in a timely manner.

Datuk Ruben Emir Gnanalingam bin Abdullah is the GMD and he serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The GMD, in association with the Executive Chairman, is accountable to the Board for the achievement of the Group's mission, vision and objectives. The GMD has the executive responsibility for the day-to-day operations of the Company and shall implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management are delegated through the GMD and this will be considered as the GMD's authority and accountability as far as the Board is concerned.

Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. They constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

The Company Secretaries are also accountable to the Board and are responsible for the following:

- Advising the Board on matters related to corporate governance and the Listing Requirements;
- Ensuring that Board procedures and applicable rules are observed;
- Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- Managing processes pertaining to annual shareholder meeting;
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- Assisting the communication between the Board and Management;
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time;
- Preparing agendas and coordinating the preparation of the Board papers; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are in compliance with the applicable laws and regulations. This includes updating the Board on the Listing Requirements, circulars from Bursa Securities, other legal and regulatory developments, and their impact on the Group and its business.

Access to Information

The Directors have timely, full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively.

The Board is expected to meet at least four (4) times for each financial year, with additional meetings to be convened when necessary to review financial, operational and business performances. Board meetings for each financial year are normally scheduled before the end of the preceding financial year and to be confirmed at the end of the preceding meeting.

The Board meetings are chaired by the Executive Chairman. The Executive Chairman leads the Board effectively and encourages contribution from all members to ensure a balance of power and authority.

Prior to every Board meeting, the Directors are furnished with an agenda and a set of meeting papers at least fourteen (14) days before the Board meeting in order for them to study and evaluate in advance the matters to be discussed.

During 2018, Board papers were sent to all the Board members in advance and this remains an ongoing priority. The Board papers contain both quantitative and qualitative information. The papers are presented in a manner which is concise and include comprehensive Management reports, minutes of meetings and proposal papers. This will enable the Directors to review, consider, and if necessary, obtain further information from the Management on the subject matter. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. All proceedings of the Board and the Board Committees are minuted and signed by the respective Chairmen of the meetings.

All Directors have full access to the advice and services of the Company Secretary and/or independent professionals at the Company's expense where necessary in furtherance of their duties.

Board Charter

Westports has in place a Board Charter which serves as a reference point for Board activities and promotes high standards of corporate governance. It is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirement of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices including matters reserved for the Board.

In accordance with the MCCG, Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil who is the Chairman of the Nomination, Remuneration and Corporate Governance Committee ("**NRCGC**") is designated as the Board's Senior Independent Director. The Senior Independent Director, who acts as a sounding board for the Executive Chairman of the Board, acts as an intermediary for other Board members as well as acting as a point of contact for shareholders and other stakeholders where required.

The Board reviews its Board Charter periodically to keep abreast with new changes in regulations and best practices.

The Board Charter is updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last reviewed and approved by the Board on 26 February 2019. A copy of the latest Board Charter is available on the Company's website at www.westportsholdings.com.

Corporate Integrity

The Board has formalised and adopted the Code of Ethics of Directors (the "**Code**"), which is based on the core principles of integrity, transparency, accountability and corporate social responsibility. The Code enables the Board and each Director to focus on areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conducts and helps foster a culture of honesty and accountability. It also serves as an avenue for any Director to channel any suspected violations of the Code to the Chairman of the Audit and Risk Management Committee ("**ARMC**"). Investigation will be carried out by the Board and appropriate action will be taken in the event of any violations of the Code.

Besides, the Group also adopted a Code of Conduct which sets standards for the employees within the Group to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws.

The Board and all employees are committed to observe the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

In addition to the above, the Company's Whistle Blower Policy (the "**Policy**") aims to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistleblowing reports are addressed to the Chairman of the ARMC (for matters relating to financial reporting, unethical or illegal conduct), and the GMD or Head of Human Resource Department (for employment-related concerns).

The Code of Ethics of Directors, Code of Conduct and Whistle Blower Policy can be found on the Company's website at www.westportsholdings.com.

II. BOARD COMPOSITION

Westports is led by a capable and experienced Board. During the year, the Board comprised thirteen (13) Directors, including the Executive Chairman, GMD, three (3) Non-Independent Non-Executive Directors, six (6) Independent Non-Executive Directors and two (2) Alternate Directors. The Independent Directors make up the majority of the composition of the Board.

The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Listing Requirements whereby majority of the Board comprises of Independent Directors. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. In addition, they also ensure that the interests of all shareholders, and not only the interest of a particular fraction or group are indeed taken into account by the Board in its decision-making process.

The Board Charter provides that the Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The Constitution of the Company provides a minimum of three (3) and a maximum of fifteen (15) Directors. The composition and size of the Board should be such that it facilitates the making of informed and critical decisions without limiting the level of individual participation, involvement and effectiveness.

The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of port operations, marketing, finance, legal, information technology, project management, engineering, accounting and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

With regard to the diversity of the Board, the Company endeavours to have a balanced representation in terms of gender, ethnicity and age. The Company practices recruitment of Directors based on meritocracy. In the event two (2) candidates are of equal merit, other considerations such as diversity in respect of gender, ethnicity and age will be taken into account to aid the final selection process. The Board believes the Company's existing processes have served the purpose of a formal policy on diversity and at the same time ensuring that all Directors are appointed on merit. With three (3) female directors sitting on the Board, it reflects a 27.3% of female representation on the Board. The average female representation recorded by the Top 100 listed issuers on the Bursa Securities in 2018 is 23.2% and since the company female representation is above average, the company is of the opinion it has met gender diversity target.

The Board maintains a strong record on Board diversity with a wide range of backgrounds and nationalities represented among the Board members. A brief description of the background of each Director is presented under the Profile of Directors of this Annual Report.

Ethnicity		Age Group		Gender	
Bumiputera	3	<50 years	2	Males	8
Malaysian Indian	3	50-59 years	1	Females	3
Malaysian Chinese	2	60-69 years	6		
Foreigners	3	>70 years	2		

* Excluded two (2) alternate directors

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

a. ARMC

The ARMC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

The ARMC Charter is published on the Company's website at www.westportsholdings.com.

More information on the ARMC and its activities for 2018 is contained on pages 46 of this Annual Report.

b. NRCGC

The NRCGC comprises three (3) Independent Non-Executive Directors.

The duties and responsibilities of the NRCGC are set out in the NRCGC Charter, which is published on the Company's website at www.westportsholdings.com.

During the year and as at the date of this Annual Report, the NRCGC has undertaken the following activities:

a. Conducted annual review on the following policies and recommend to the Board for approval:

- Board and NRCGC Charters;
- Code of Ethics of Directors;
- Directors' Remuneration Policy;
- Directors' Assessment Policy;
- Code of Conduct;
- Whistle Blower Policy;
- Corporate Disclosure Policies and Procedures;
- Sustainability Policy; and
- Succession Planning Policy.

b. Conducted annual review of the structure, size and composition of the Board, including the balance of mix of skills, knowledge, experience, diversity in respect of age, gender and ethnicity as well as independence of the Independent Non-Executive Directors. The NRCGC also focused on having a balanced mix of skills, independence and diversity (including gender, ethnicity and age) to facilitate optimal decision-making by harnessing different insights and perspectives;

c. Reviewed, considered and recommended to the Board for approval, the re-election of Directors pursuant to the Constitution of the Company and the Companies Act 2016;

d. Reviewed and recommended the Corporate Governance Overview Statement for the Annual Report and Corporate Governance Report to the Board for approval;

e. Reviewed and recommended the appointment of Alternate Director to Ruth Sin Ling Tsim;

f. Reviewed the Board Evaluation Exercise process;

g. Conducted the annual Board and Board Committee Assessments in respect of 2018;

h. Reviewed the outcome of the Board Assessments;

i Reviewed the key performance indicators for Executive Directors and Senior Management;

j. Reviewed the training needs of the Directors;

k. Reviewed and recommended the remuneration packages of the Executive Chairman and GMD to the Board for approval;

l. Reviewed and recommended the Directors' fees and benefits to the Board subject to approval by shareholders at the AGM; and

m. Reviewed the terms of office and performance of the ARMC and each of its members in compliance with the Listing Requirements.

Board Independence

The Executive Chairman, Tan Sri Datuk Gnanalingam who is not an Independent Director, is the founder of the Company and the Board considers it appropriate for him to hold the fort as Chairman based on his wealth of knowledge, deep appreciation of the operations of the Group and differentiated foresight as long as no one individual or group has unrestricted powers of decision. The Board has a strong presence of nine (9) Non-Executive Directors, whereby six (6) of its members are Independent Directors, in compliance with the MCCG. The strong presence of a majority of Independent Directors provides effective check and balance in the functioning of the Board.

The six (6) Independent Directors are not substantial shareholder's representatives nor employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment.

They are tasked with ensuring there are checks and balances on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into accounts the interests of the Group and minority shareholders. The Independent Directors bring external perspectives through their diverse backgrounds and experiences, enabling them to put in place necessary checks and balances, contributing to Board's decision making. They also engaged proactively with both the internal and external auditors. This is especially so for Dato' Yusli bin Mohamed Yusoff who is the Chairman of the ARMC.

The Board Charter limits the tenure of the Independent Directors to a cumulative term of not more than nine (9) years.

Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board may recommend and subject to obtaining the approval of the Company's shareholders, retain an Independent Director who has served beyond a cumulative term of nine (9) years as an Independent Director of the Company. Presently, there is no Independent Director of the Company who has served a cumulative term of beyond nine (9) years.

Assessment of Independent Directors

The Board, through the NRCGC, undertakes the independence assessment of all its Independent Directors which was carried out as part of the Board Assessment annually. The NRCGC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors meet the independence criteria prescribed by the Listing Requirements. The Board opined that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and the Board Committees.

Appointments to the Board

The NRCGC is delegated with the responsibility to review and assess the proposed new Board nominees in terms of the appropriate balance of skills, expertise, attributes and core competencies before making any recommendation to the Board for approval. While the Board is responsible for the appointment of new Directors, the NRCGC is charged with the role of screening and conducting initial selection based on the criteria and qualification as specified in the Board Charter, which include the following summarised criteria:

- ability to ask probing operational related questions and make informed business decisions;
- entrepreneurial talent;
- relevant experience in regional and/or international markets;
- education;
- high ethical standards;
- ability to devote sufficient time to fulfil his/her responsibilities as a Board and/or Board committee member; and
- total commitment in furthering the interests of shareholders and achievement of the Company's goals.

Whilst the written criteria were used as benchmarks for selection of candidates, the NRCGC continues to have regard to the benefits of diversity, including gender, ethnicity, age, cultural, competency, skills, character, time commitment, integrity and experience.

The NRCGC is also responsible for reviewing candidates for the appointment to the Board Committees and makes appropriate recommendations thereon to the Board for approval. The Company maintains a formal and transparent procedure for the appointment of new Directors.

There were changes to the Board in 2018 whereby Mr Jeyakumar Palakrishnar had resigned as Independent Non-Executive Director and in replacement, Mr Chan Soo Chee was appointed as Independent Non-Executive Director on 1 January 2018. Subsequently, Mr Andy Wing Kit Tsoi was appointed as Alternate Director to Ms Ruth Sin Ling Tsim on 26 March 2018. Their appointments were approved by the Board upon assessment by the NRCGC.

At least one-third (1/3) of the Directors, including the GMD, are required to retire from office at least once in every three (3) years but shall be eligible for re-election. The Company's Constitution further provides that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting ("**AGM**").

Based on the office period of the Directors since their last election and upon recommendation by the NRCGC, the Board is proposing the re-election of Tan Sri Ismail bin Adam, Ms Chan Chu Wei, Mr Ip Sing Chi and Mr Kim Young So pursuant to Clause 115 of the Company's Constitution respectively at the forthcoming Twenty-Sixth AGM and being eligible, they have offered themselves for re-election.

To assist the shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed in the Profile of Directors of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.

Fostering Commitment

Recognising the important responsibility of a Director towards the Board's success, the Board has incorporated time commitment as one of the appointment criteria for Directors whereby the candidate should have sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and any of the Board Committees to which he or she may be appointed.

The Board considers that there is no need for a formal protocol for Directors to accept new directorships at this point in time as the number of directorships a Director can hold is restricted by Paragraph 15.06 of the Listing Requirements whereby the Directors are not allowed to hold more than five (5) directorships in public listed companies.

The Company has the practice of requiring its Directors to disclose and update his or her directorships in other companies as and when necessary at every Board meeting, and further, in cognisance of the criterion of substantial time devotion to the Company expected from each Director contained in the Company's annual Board Assessments as well as the time commitment clause enumerated in the Company's Board Charter; the Directors are mindful that they will serve on the boards of other companies only to the extent that such services do not detract from the Directors' ability to devote the necessary time and attention to the Company. The Board is satisfied that the external directorships of the Board members have not impaired their availability to provide sufficient time in discharging their roles and responsibilities effectively.

The Board is satisfied that each individual Director of Westports is committed to the Board and has a good attendance record for meetings for the year 2018. Board members are well prepared, having read the Board papers and all background materials before every Board meeting.

The table below shows the attendance record of the Directors for the meetings held during 2018.

Board Meetings

	Number of Board Meetings	
Name of Director	Held During Tenure In Office	Attended
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam *(Executive Chairman)*	4	4
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil *(Senior Independent Non-Executive Director)*	4	4
Tan Sri Ismail bin Adam *(Independent Non-Executive Director)*	4	4
Dato' Yusli bin Mohamed Yusoff *(Independent Non-Executive Director)*	4	4
Datuk Ruben Emir Gnanalingam bin Abdullah *(Group Managing Director)*	4	4
Chan Chu Wei *(Non-Independent Non-Executive Director)*	4	4
Kim, Young So *(Independent Non-Executive Director)*	4	4
Ip Sing Chi *(Non-Independent Non-Executive Director)*	4	3
Ruth Sin Ling Tsim *(Non-Independent Non-Executive Director)*	4	3
Shanthi Kandiah *(Independent Non-Executive Director)*	4	4
Chan Soo Chee *(Independent Non-Executive Director)*	4	4

ARMC Meetings

Name of Director	Number of ARMC Meetings	
	Held During Tenure In Office	Attended
Dato' Yusli bin Mohamed Yusoff - *ARMC Chairman* *(Independent Non-Executive Director)*	7	7
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil *(Senior Independent Non-Executive Director)*	7	7
Chan Chu Wei *(Non-Independent Non-Executive Director)*	7	7
Chan Soo Chee *(Independent Non-Executive Director)*	7	7

NRCGC Meetings

Name of Director	Number of NRCGC Meetings	
	Held During Tenure In Office	Attended
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil – *NRCGC Chairman* *(Senior Independent Non-Executive Director)*	2	2
Tan Sri Ismail bin Adam *(Independent Non-Executive Director)*	2	2
Shanthi Kandiah *(Independent Non-Executive Director)*	2	1

Succession Planning

Succession planning for senior management below the Executive Board level is driven by the GMD. A review of senior management resources is carried out annually in conjunction with the annual remuneration review. We have in place a career development plan including succession planning at all levels of management. The annual management evaluation process is the key to performance improvement as well as the succession plan. The Company's Succession Planning Policy submitted by the GMD has been reviewed by the NRCGC and approved by the Board on 26 February 2019.

Training & Development of Directors

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities. The Board encourages its members to participate in continuous education programmes by allocating certain training budget for the Directors every year.

The Board, through the NRCGC, reviews and assesses the training needs of the Directors and determines the area of training that he or she may require for personal development as a director to strengthen their contributions to the Board.

Both Mr Chan Soo Chee and Mr Andy Wing Kit Tsoi who were appointed to the Board on 1 January 2018 and 26 March 2018 respectively, had completed the Mandatory Accreditation Programme ("**MAP**") accredited by Bursa Securities on 13 March 2018 and 4 September 2018 respectively. Furthermore, the Directors from time to time visited the port to familiarise and to have a thorough understanding and insights of the Group's operation.

During 2018, all Board members had attended various training programmes, conferences, seminars and courses organised by regulatory authorities and professional bodies. The programmes in which members of the Board have participated are as follows:

Month	Training/Seminar	Presenter/Organiser
March 2018	Corporate Governance, Directors' Duties and Regulatory Updates, Seminar 2018 II	Alam Global Sdn Bhd
	What's New in Procurement Governance	Malaysian Institute of Corporate Governance
	Malaysian Code on Corporate Governance	Symphony Digest
April 2018	Constitutional & Ethical Governance for the Common Good and Legal Framework for Corporate Governance	Dr. Benito Teehankee De La Salle University
June 2018	Risk Management on • Recent Global developments in enterprise risk management and crisis management • Discussion on recent trends in Asia, US and Europe • Discussion on handling real world enterprise risk and crisis management scenarios	Linklaters, Hong Kong
	Cybersecurity – Knowing the Unknown	PricewaterhouseCoopers
	Enhanced Deduction proposed for Qualifying Research and Development Activities	Association of Chartered Certified Accountants ("**ACCA**")

Month	Training/Seminar	Presenter/Organiser
July 2018	Financial Reporting by Listed Issuers	Malaysian Institute of Corporate Governance
	Resolving Conflict in the Boardroom	The ICLIF Leadership and Governance Centre
	Anti-Money Laundering and Counterfeiting – Terrorist Financing : from Practical Perspective	Hong Kong Institute of Certified Public Accountants ("**HKICPA**")
August 2018	Guidance for Boards and Directors	Hong Kong Exchanges and Clearing Limited ("**HKECL**")
September 2018	Introduction to Corporate Liability Provision	Malaysian Institute of Corporate Governance
	Improving Corporate Governance in Hong Kong – Specific Recommendations	HKICPA
October 2018	ASEAN Board of Directors: Future Proof Your Boardroom	Management Events Insights Asia Group
	Independent Directors Programme: The Essence of Independence	The ICLIF Leadership and Governance Centre/Bursa Securities
	2018 Regulatory Update	Freshfields Bruckhaus Deringer Hong Kong
	Competition Law	Norton Rose Fulbright Hong Kong
	IT Conference 2018 – Impact of FinTech and Artificial Intelligence to the Accountancy Profession	HKICPA
	Sustainable Business for Entrepreneurs	HKICPA
	Legal Implications of Business Startup	HKICPA
November 2018	Integrated Reporting Framework	Deloitte PLT
	Container Terminals of the Future	Arcadis Asia, Design & Consultancy
	2018 Regulatory Update	Freshfields Bruckhaus Deringer Hong Kong
	ACCA CFO Summit 2018 – "Emotional Intelligence: a leader's edge in the AI future	ACCA

The Company Secretaries keep the Directors informed of the relevant external training programmes. The Company Secretaries also circulate relevant guidelines on statutory and regulatory requirements from time to time for the Board's references and brief the Board on the necessary updates at Board meetings.

Board Assessments

The NRCGC is tasked to assist the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The NRCGC also assists the Board in assessing the independence of the Independent Directors annually (all the above mentioned assessments are collectively referred to as the "**Board Assessments**").

The Board Assessments are aimed to improve the Board's effectiveness as well as to draw the Board's attention to key areas that need to be addressed in order for the Board and individual Directors to maintain its significance. The Board Assessments consist of the following:

i. Board and Board Committees evaluation;
ii. Assessment of character, experience, integrity, competence and time commitment Directors;
iii. Assessment on mix of skill and experience; and
iv. Evaluation of level of independence of an Independent Director.

Key criteria used in the assessment of the effectiveness of individual Directors during the year were:

- Relevant qualifications, knowledge, experience and ability to understand the technical requirements, risk and management of the Company's business;
- Frequency in providing oversight to the Management on various opportunities and risks;
- Ability to provide logical and/or honest opinions on issues presented and is not afraid of expressing disagreement on matters during meeting, if any;
- Degree of contribution of personal knowledge and experience to the development of strategy; and
- Willingness to devote time and effort to understand the Company and its business and readiness to participate in events outside the boardroom, such as site visits.

Key criteria used in the assessment of the effectiveness of a Board Committee during the year were:

- Sufficiency of its members' knowledge of related areas to form the right composition;
- Appropriateness of its terms of reference/charter and procedures so as to provide effective Committee practice;

- Issues covered at its meetings;
- Its discharge of responsibilities to assist the Board;
- Timeliness of keeping the Board informed of its deliberations;
- Level of assistance required from external counsel (such as in the field of legal, accounting and managerial); and
- Its members' meeting attendance record, participation in discussions and time commitment.

To facilitate the Board Assessments, a set of questionnaires are developed based on the criteria stipulated in the Directors' Assessment Policy of the Company. The methodology of the Board Assessment together with the assessment forms are reviewed by the NRCGC and approved by the Board. The set of questionaires were carried out on self and peer assessment basis which assesses the effectiveness of the Board as a whole, Board Committees, Chairman and individual Directors and supported by the Company Secretary. The results of the assessment were tabled to the NRCGC for review and comments which were subsequently briefed to the Board. All assessments and evaluations carried out are properly documented. For the year under review, the questionaires were revised to reflect the latest corporate governance requirements. The NRCGC had on 24 January 2019 assessed the performance of the Board as a whole and its board committees for the period from 1 January 2018 to 31 December 2018.

For the year under review, the Company did not engage any independent third party to attend to the annual Board assessment.

The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the Westports Group's profitable performance.

III. REMUNERATION

Directors' Remuneration

The Company has in place a Directors' Remuneration Policy which sets out the criteria applied in recommending the remuneration package of the Directors of the Group. The Company's policy on Directors' remuneration is to set remuneration at levels which are sufficient to attract and retain Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

The determination of Directors' remuneration is a matter deliberated by the NRCGC and approved by the Board as a whole.

The Non-Executive Directors concerned abstain from the discussion of their own remuneration. In recommending the proposed Directors' fees, the NRCGC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry.

The Non-Executive Directors are paid fixed annual directors' fees as members of the Board which are approved by the Company's shareholders at the AGM. The Non-Executive Directors are also paid an attendance allowance for each Board meeting that they attend.

The NRCGC also recommends to the Board the remuneration packages of Executive Directors and it is the responsibility of the Board to approve the remuneration packages of Executive Directors. In evaluating the Executive Chairman and GMD's remuneration, the NRCGC takes into account the Group's financial performance and performance on a range of non-financial factors which reflects the level of risk, responsibility as well as performance of the Company and the industry norm. The Executive Chairman and GMD are being paid at the subsidiary level and in line with the Group's general remuneration policy for its Senior Management. Their remunerations are structured so as to link rewards to Group and individual performance.

Details of Directors' remuneration (including benefits-in-kind) are as follows:-

Note	Particulars All figures in thousands	Directors Fees & Allowance Group	 Company	Board Committee Fees Company	Salary Group	Bonus Group	BIK Note 5 Group	Others Note 6 Group	Total
	Non-Executive Director								
	Tan Sri Dato Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil		123	190			9		322
	Tan Sri Ismail bin Adam		123	70					193
1	Ip Sing Chi	123	123						246
2	Ruth Sin Ling Tsim	123	123						246
3	John Stephen Ashworth	124	1						125
4	Andy Wing Kit Tsoi		1						1
	Dato' Yusli bin Mohamed Yusoff		123	120					243
	Chan Soo Chee		124	100					224
	Chan Chu Wei	123	123	100			6		352
	Kim Young So		124						124
	Shanthi Kandiah		123	70					193
	Dato' Shahrol Anuwar bin Sarman	123							123
	Ahmayuddin bin Ahmad	123					13		136
	Jeyakumar Palakrishnar	123							123
	Dato' Haji Mohamed Shahabar bin Abdul Kareem	122							122
	Shaline Gnanalingam	123							123
		1,107	1,111	650	-	-	28	-	2,896

Note	Particulars All figures in thousands	Directors Fees & Allowance Group	 Company	Board Committee Fees Company	Salary Group	Bonus Group	BIK Note 5 Group	Others Note 6 Group	Total
	Executive Director								
	Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	3	3		7,200	2,100	408	1,581	11,295
	Datuk Ruben Emir Gnanalingam bin Abdullah	3	3		2,064	688	389	468	3,615
		6	6		9,264	2,788	797	2,049	14,910
	Grand Total	1,113	1,117	650	9,264	2,788	825	2,049	17,806

Note - remuneration prorated up to Directors appointment or resignation
1 *Remuneration paid to South Port Investments Holdings Limited.*
2 *Remuneration paid to South Port Investments Holdings Limited.*
3 *Remuneration paid to South Port Investments Holdings Limited.*
4 *Remuneration paid to South Port Investments Holdings Limited.*
5 *Benefits in kind refer to driver, car, and fuel, club membership, security services provided.*
6 *Others refer to employee provident funds paid.*

Our Executive Chairman on his personal capacity carried out community philanthropist activities from remuneration earned from the Company as follows:-
a. contribution to Indus Education Fund, committed RM25 million; and
b. contributed RM10 million towards Community Chest.

The aggregate remuneration of the Company's Senior Management Team in respective bands of RM50,000 for the financial year 2018 are as follows:-

Management Salary's Band	Number Of Management
250,000 - 300,000	1
300,000 - 350,000	2
350,000 - 400,000	1
550,000 - 600,000	1
Total	5

Although MCCG had stipulated that the Company should disclose on a named basis the top five (5) Senior Management's detailed remuneration, the Board would like to provide an advocacy period in the interim.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

Composition

The ARMC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. The Chairman of the ARMC is not the Chairman of the Board.

The ARMC Charter requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the ARMC.

The ARMC members possess a wide range of necessary skills to discharge their duties effectively. All the ARMC members are financially literate and able to understand matters under the purview of ARMC including the financial reporting standards. The ARMC members had attended relevant professional training during the year that will continue to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules as set out in this Corporate Governance Overview Statement on page 30.

More information on the ARMC and its activities for 2018 is contained on pages 46 of this Annual Report.

Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders and the Executive Chairman and GMD message, Operational Review, Financial Review and our Value Creation Model in the Annual Report. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements are reviewed by the ARMC to ensure compliance with the applicable financial reporting standards and are approved by the Board before being released to Bursa Malaysia.

External Auditors

The ARMC and Board place great emphasis on the objectivity and independence of the external auditors in providing a true and fair report to the shareholders. The Board, through its ARMC, maintains a transparent relationship with its external auditors. The ARMC is empowered to communicate directly with the external auditors and vice versa.

The external auditors also have direct access to the ARMC to highlight any issues of concern at any point in time. It is a policy of the ARMC to meet with the external auditors at least twice a year without the presence of the Executive Directors and Management to discuss on audit findings, audit plans and the Company's financial statements. The ARMC Charter provides procedures to assess the suitability, objectivity and independence of the external auditor.

The ARMC discusses with the external auditors periodically on the nature and scope of audits and reporting obligations before the audit commences, and seeks their professional advice to ensure that accounting standards are complied with. The ARMC also ensures that the Management provides timely responses on all material queries raised by the external auditors after the audit in respect of the accounting records, financial statements or systems of control.

In safeguarding and supporting external auditors' independence and objectivities, the ARMC has adopted in its ARMC Charter, the external auditors' assessment which sets out the assessment of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services.

In line with the best corporate governance practices, Westports had in February 2018 set up a special tender committee for issuing a request for proposal to six (6) identified potential audit firms for tendering of external audit services for the financial year 2018. Upon review and assessment, the ARMC recommended Deloitte PLT for the Board's consideration for recommendation for shareholders' approval at the Twenty-Fifth AGM held on 24 April 2018.

With respect to the appointment of external auditors, the ARMC is accorded with the responsibility to review the suitability and independence of the external auditors before appropriate recommendation is made to the Board and shareholders. In assessing the suitability and independence of the external auditors for 2018, the ARMC received a confirmation in writing from the external auditors that they were and had been independent during the year in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("**MIA By-Laws**").

The Board considers the declaration of independence, integrity and objectivity made by the external auditors in their Audit Report for 2018 as adequate to serve as an assurance from the external auditors on their independence and integrity throughout the conduct of their audit engagement.

II. RISK MANAGEMENT AND INTERNAL CONTROLS FRAMEWORK

Risk Management and Internal Control Framework

The ultimate responsibility for ensuring a sound and effective internal control framework lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the Management to safeguard shareholders' investments and the Company's assets. The oversight of the Group and Company's risk management framework and policies is also embedded in the ARMC Charter.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss. Further details of the Group and Company risk management and internal controls framework are as set out in the Statement on Risk Management and Internal Control on page 43 of this Annual Report.

Internal Audit Function

The Internal Audit Department is an integral part of the Group's internal control system, with the function reporting directly to the ARMC and administratively to the GMD. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group.

Further details of Internal Audit are set out on page 47 of this Annual Report.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. STAKEHOLDERS COMMUNICATION

Timely and High Quality Disclosure

In Westports, we believe that it is important to achieve corporate accountability by disclosing timely and appropriate information to our stakeholders. In this regard, the Board has established and adopted the Corporate Disclosure Policy and Procedures. The policy aims to promote a high standard of integrity and transparency through timely, accurate, quality and full disclosure.

We continue to actively embrace timeliness and quality in our disclosures. As shown below, the Company's Annual Report was issued earlier than the statutorily required date and the Company's quarterly results continued to be published ahead of the mandatory requirement so that shareholders can avail themselves to financial information earlier.

2018 Annual Report			
	Issued	Requirement	Ahead By
2018 Annual Report	26 March 2019	30 April 2019	35 Days

2018 Quarterly Results			
	Announced	Requirement	Ahead By
First Quarter 2018	25 April 2018	31 May 2018	36 Days
Second Quarter 2018	25 July 2018	31 August 2018	37 Days
Third Quarter 2018	9 November 2018	30 November 2018	21 Days
Fourth Quarter 2018	30 January 2019	28 February 2019	29 Days

Westports strives to develop an effective Investor Relations programme and strategy to communicate the corporate vision, strategies, developments, financial plan and prospects to investors, shareholders and other stakeholders fairly and accurately and to obtain feedback from them. The Company's Executive Chairman and GMD have been appointed as the spokesperson to communicate with the audience and to respond accordingly to queries that may arise.

In disseminating the corporate information and disclosure, Westports has made use of a broad range of communication channels, which includes but is not limited to, the electronic facilities provided by Bursa Securities, press releases, letters to shareholders, the Company's website, e-mails, investors/news conferences, road shows/events and general meetings of the Company.

Westports recognises the need and importance of leveraging on information technology in communicating with its shareholders and stakeholders efficiently and effectively. All timely disclosures and material information are published and retained in the Company's website, such as the Company's Annual Report, quarterly financial results, announcements to Bursa Securities, press releases etc. In addition, the contact details of the Company's designated persons are listed in the Company's website to enable the public to forward their queries to or request information from the Company.

The Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and development of the business and prospects of the Company.

Strengthening Relationship with Stakeholders

Westports has been transparent and accountable to its shareholders and recognises the importance of timely dissemination of information to shareholders. The Board is committed to ensure that the shareholders are well informed of major developments of the Group and the information is communicated to them through the following channels:

- the Company's Annual Report;
- various disclosures and announcements to Bursa Securities including quarterly financial results;
- press releases and announcements to Bursa Securities and to the media;
- dialogues and presentations at general meetings to provide overview and clear rationale with regards to the proposals tabled for approval by shareholders; and
- investor relations section on the Company's website at www.westportsholdings.com.

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

In addition to general meetings, shareholders and the interested public are also welcomed to raise their queries at any time through the designated person listed in the Company's website or to the Executive Chairman and GMD.

The Company has established a corporate website including the creation of an Investor Relations web portal to reach out to current and potential investors. The website is regarded by the Company as an important source of information on the Group, including press releases, quarterly and year-end financial results presentations, documentation of policies and other shareholder communication (such as Notice of AGM, all announcements released by the Company to the Bursa Securities, and so forth). The Company's website continues to be developed and updated to ensure it remains a principal source of information on the Group and its activities. Details of the Company's engagement with investors are reported in the Investor Relations Report page 26 of this Annual Report.

II. CONDUCT OF GENERAL MEETINGS

All general meetings of the Company serve as the principal forum for shareholders to have direct access to the Board and provide the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the businesses of the Group. A total of 760 headcount (in person or by proxies or corporate representatives) had attended our AGM last year.

During the AGM, the GMD presented the Company's performance and highlighted salient items to the shareholders. The Board also encourages participation from shareholders by having question and answer session during the AGM (inclusive of the Chairman of the Board, ARMC and NRCGC) were available to provide meaningful responses to queries raised.

All our Directors except for Mr Ip Sing Chi (who was represented by his Alternate Director) and senior management were in attendance during the 2018 AGM, whereby shareholders had direct access to the Board during the AGM proceedings and participated in the question-and-answer session on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution. The Executive Chairman, GMD, Board members were in attendance as well as the external auditors, and have responded to shareholders' questions during the meeting.

Proper notices of AGM are despatched to the shareholders at least 21 days prior to the meetings, unless otherwise required by law, in order to provide sufficient time for shareholders to understand and evaluate the subject matter. Notwithstanding that, MCCG strongly advised that the notice of AGM should be given to the shareholders at least 28 days prior to the meeting. The Notice convening the 2018 AGM was issued to shareholders on 26 March 2018, which was 29 days prior to the AGM date. Each item of special business included in the notice of the meeting is accompanied by a full explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

During the 2018 AGM, in line with Listing Requirements, all resolutions were decided by poll voting. Leveraging on information technology or effective meeting procedures, an electronic poll voting system was put in place whereby all shareholders of the Company participated in the polling procedure. An independent scrutineer was appointed to validate the poll results. Voting results of the general meetings were announced instantaneously to shareholders/ proxies after each resolution is put to vote. The decision of each resolution put to poll as well as the name of the independent scrutineer were announced to Bursa Securities on the same day as the AGM.

A summary of the key matters discussed at the 2018 AGM was published on the Company's website at www.westportsholdings.com.

FUTURE PRIORITIES

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in the Corporate Governance Report 2018.

This Corporate Governance Overview Statement was approved by the Board of Directors via resolution dated 8 March 2019.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF ANNUAL AUDITED STATEMENT

The Directors are required by the Companies Act 2016, to state whether, in their opinion, the Group and Company's financial statements for the financial year are drawn up in accordance with approved accounting standards, i.e. Malaysian Financial Reporting Standards and International Financial Reporting Standards, Listing Requirements and Companies Act 2016 so as to provide a true and fair view of the Group and Company's financial position and performance for the financial year.

Towards this, the Directors ensure that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Directors also ensure that applicable approved accounting standards have been followed and that proper accounting records are being kept so as to enable disclosure of the Group's and Company's financial position in compliance with laws and regulations.

The Board is satisfied that in preparing the financial statements of the Company and the Group as at 31 December 2018, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently.

INTRODUCTION

The Board of Westports Holdings Berhad sets out below its Statement on Risk Management and Internal Control for the year in line with Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers issued by Bursa Securities.

BOARD'S RESPONSIBILITY

The Board is fully responsible and accountable for the governance of the Group's risk management and internal controls. It acknowledges that a controlled environment and a framework that is conducive are necessary to achieve a sound system of risk management and internal control. The Board has delegated its authority and empowered the Audit and Risk Management Committee ("**ARMC**") to oversee the implementation of a system of risk management and internal control within the Group.

The Board acknowledges that the risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. The Board wishes to state that all these risk controls and mitigation can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud and losses.

The Board has received assurance from the GMD and CEO that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

RISK MANAGEMENT

The Board regards the risk management and internal control system as an integral part of the Group's strategic planning and day-to-day operations. The Board and Management have established an Enterprise Risk Management ("**ERM**") Framework to continuously identify, evaluate, monitor and to manage significant risks that materially affect the achievement of the Group's corporate objectives.

Risk assessment and evaluation are integral to the Group's annual strategic planning and day-to-day operations. Under the ERM Framework, the detailed risk management process is the responsibility of the Risk Sub-Committee ("**RSC**") comprising of senior members of the Management team. The RSC meets on a quarterly basis to review, identify and assess key risks facing the Group and submit its report to the ARMC. Supporting the RSC in its roles are the Risk Champions who are representatives from the respective sections of the Group and business units, who will be responsible for identifying, evaluating, managing and monitoring key risks. An annual Risk Register is formalised, with identified Heads of Departments being responsible for setting up action plans to manage and mitigate the risks to be completed within an agreed timeframe.

The ERM Framework uses the ORCA (objectives, risks, control and alignment) methodology and comprises the following activities:

- Articulating and communicating the objective of the organisation;
- Determining the risk appetite of the organisation;
- Establishing an appropriate internal environment, including a risk management framework;
- Identifying potential threats to the achievement of the objectives;
- Assessing the risk i.e. the impact and likelihood of the threat occurring;
- Selecting and implementing responses to the risks;
- Undertaking control and other response activities;
- Communicating information on risks in a consistent manner at all levels in the organisation;
- Centrally monitoring and coordinating the risk management process and the outcomes; and
- Providing assurance on the effectiveness with which risks are managed.

INTERNAL CONTROL SYSTEM

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group.

The key components of the Group's internal control system include:

a. Organisational Structure

In providing direction and oversight, the Board is supported by its Board Committees, namely the ARMC and Nomination, Remuneration and Corporate Governance Committee. Each Committee has formal defined terms of reference and responsibilities.

Responsibility for implementing the Group's strategies and day-to-day businesses, including implementing the system of risk management and internal control, is delegated to Management. The organisation structure facilitates the segregation of roles and responsibilities, lines of accountability and levels of authority to promote an effective and independent stewardship.

b. Audit and Risk Management Committee

The ARMC comprises of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The ARMC members bring with them a wide range of knowledge, expertise and experience from various industries and backgrounds.

The ARMC responsibilities include amongst others, to deliberate over the Group's financial reporting process, the system of internal controls and management of enterprise risk, the audit process both external and internal, related party transactions and the Group's processes for monitoring compliance with laws and regulations, its own code of conduct and such other matters which may be specifically delegated to the ARMC by the Board from time to time.

The ARMC also reviews and reports to the Board on the appointment and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of external audit matters. During the financial year,the ARMC had reviewed and recommended external auditor rotation leading to the appointment of new auditors, Deloitte PLT. It also reviews the adequacy and effectiveness of the internal audit function as set out below. The ARMC convenes meetings at least once every quarter and has unrestricted access to the internal and external auditors and all employees of the Group. The Chairman of the ARMC provides the Board with reports on all meetings of the ARMC.

c. Internal Audit

The Internal Audit Department ("**IAD**") is an integral part of the Group's internal control system, with the function reporting directly to the ARMC and administratively to the GMD. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group. It assists the Group to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

IAD develops risk-based audit plans annually, consistent with the Group's objectives and strategies articulated in the annual budget plan and conducts internal audit engagements accordingly. In the course of performing its duties, IAD has unrestricted access to all functions, records, documents, personnel and any other resource or information at all levels throughout the Group. Audits are performed on key units or areas in the audit population, the frequency of which is determined by the level of risk assessed, with a view of providing an independent and objective report on operational and management activities in the Group.

The yearly internal audit plans are reviewed and approved by the ARMC and the results of the audits are communicated and reported periodically to Management and the ARMC.

d. Code of Conduct

The Group is committed to conduct its business fairly, impartially and ethically and to comply with all laws and regulations. To this end, the Group has a Code of Conduct (the "**Code**") which sets standards for the employees within the Group. The Code primarily promotes honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships at the workplace and for employees to observe applicable rules, regulations and local laws. In the performance of duties, the employees are expected to carry out their mandate and responsibility to the best of their ability and judgement and maintain the highest standard of integrity and conduct.

e. Whistleblower Policy

The Group has also established the Whistleblower Policy. The policy encourages employees or a person or entity making a protected disclosure ("**Whistleblower**") to raise concerns, be they internally and/or at a high-level, and to disclose information where such Whistleblower believes that a form of malpractice or misconduct is being committed. This also covers concerns which are in the public interest and may be investigated at least initially, so that appropriate remedial action can be taken.

The Whistleblower Policy also includes provisions which protect the confidentiality of the Whistleblower and ensures no retaliation against the Whistleblower if he or she had acted in good faith.

Any complaints or reports can be directed to the GMD or the Head of Human Resources. In addition, should the Whistleblower believe that the Group is better served if the report was addressed to levels higher than Management, the complaint or report can be submitted directly to the Chairman of the ARMC.

f. Information Security Management System

Our Information Security Management System ("**ISMS**") is certified under the MS ISO/IEC27001 standard. The objective of ISMS is to ensure that core and supporting business operations operate with minimal disruptions, to protect the integrity of information generated as well as to ensure confidentiality in the management and protection of data. The ISMS standard for the Group covers the management, operation, maintenance of information assets and information system.

g. Policies and Procedures

The Group has policies, procedures, service level agreements and contracts to guide staff in their day-to-day tasks. The policies and procedures cover Company-wide functions and are regularly reviewed and updated as and when necessary.

h. Management Committees

The Group has various management committees with specific terms of reference and authority limits. The objective of the committees is to act collectively in making key decisions in relation to activities of the Group.

I Limits of Authority

The Limits of Authority ("**LOA**") describes the system of delegation of authority. The LOA outlines matters reserved for the Board's approvals, delegation and authority limits to the Executive Chairman and GMD. It also provides guidance on the segregation of responsibilities between the Board and Management. The objective of the LOA is to ensure effective authorisation limits and their delegations within the Group for consistent good business practices and governance and to safeguard the Group's assets.

j. Business Continuity Plan

The Group recognises the importance of setting a Business Continuity Plan ("**BCP**") in place to ensure business resilience and capability in recovering from a crisis should it occur. The Group's BCP contains the strategies and responses that the Group will undertake for its critical business functions and the resource requirements to ensure business continuity during a crisis period.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

For the financial year under review, the Board has reviewed and is pleased to report that the state of the internal control system and risk management practices are able to meet the objectives of the Group and to facilitate good corporate governance. There was no material control failure or weakness that would have a material adverse impact on the results of the Group for the period under review and up to the date of this report that would require a separate disclosure in the Group's annual report or financial statements.

THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance with Audit and Assurance Practice Guide 3 ("AAPG3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor it is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board dated 8 March 2019.

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code of Corporate Governance 2017.

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("**ARMC**") was constituted by the Board on 13 March 2013. The ARMC assists the Board in fulfilling the Board's responsibilities with respect to its oversight responsibilities. The ARMC reviews and monitors the integrity of the Group's financial reporting process, its management of risk and internal control system, its audit process as well as compliance with legal and regulatory matters, its own code of business conduct and such other matters that may be specifically delegated to the ARMC by the Board from time to time.

In addition, with regards to the Company's internal audit function, the ARMC is also responsible for any appointment and/or removal of internal audit personnel, scope of internal audit activities carried out for the year, the annual assessment of the Company's internal audit function as well as to approve the Company's internal audit function for the year.

COMPOSITION AND MEETINGS

The ARMC currently comprises of four (4) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors which is in compliance with Paragraph 15.09 of the Listing Requirements of Bursa Securities. No alternate director is appointed as a member of the ARMC.

A total of seven (7) ARMC meetings were held during the financial year ended 31 December 2018 ("**FYE 2018**"), and the details of the ARMC members and meeting attendance are as follows:-

	Number of ARMC Meetings	
Name of Director	Held During Tenure In Office	Attended
Dato' Yusli bin Mohamed Yusoff *(Independent Non-Executive Director)*	Chairman	7/7
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil *(Senior Independent Non-Executive Director)*	Member	7/7
Chan Soo Chee *(Independent Non-Executive Director)*	Member	7/7
Chan Chu Wei *(Non-Independent Non-Executive Director)*	Member	7/7

The Chairman of the ARMC, Dato' Yusli Bin Mohamed Yusoff, is a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also an honorary member of the Institute of Internal Auditors Malaysia. All members of the ARMC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the ARMC.

THE ARMC CHARTER

In performing its duties and discharging its responsibilities, the ARMC is guided by its Charter. The ARMC Charter is accessible on the Company's website at www.westportsholdings.com.

SUMMARY OF THE ARMC ACTIVITIES

The Chairman of the ARMC reports regularly to the Board on the activities carried out by the ARMC in the discharge of its duties and responsibilities as set out in its Charter.

The principal activities undertaken by the ARMC during the FYE 2018 and up to the date of this report were as follows:

a. Risk Management and Internal Control

- Reviewed the Risk Register of the Group on a quarterly basis with deliberation on key risk items as disclosed in this Annual Report.
- Carried out the annual review and recommended the following policies to the Board for approval and adoption:

  i. ARMC Charter;
  ii. Insider Dealing Policy;
  iii. Internal Audit Charter; and
  iv. Risk Management Policy.

b. Financial Reporting

- Reviewed the unaudited quarterly financial results, annual audited financial statements and any other related financial statement and announcements of the Group prior to recommending them to the Board for consideration and approval and public release. In discharging this role, the ARMC deliberated with officers of the Group and external auditors on the following matters:

i. new accounting standards applicable during the financial year 2018;
ii. revenue recognition;
iii. adequacy of impairment for property, plant and equipment and concession assets;
iv. adequacy of impairment loss made on receivables; and
v. adequacy of accruals on expenses.

- Reviewed significant related party transactions as reported in the quarterly financial results to ensure compliance with Bursa Securities's Listing Requirements and the Group's policies and procedures as well as the appropriateness of such transactions before recommending them to the Board for approval; and
- Reviewed the Report of the ARMC and the Statement on Risk Management and Internal Control prior to their inclusion into the Company's Annual Report.

c. Internal Audit

- Reviewed and approved the Group's Internal Audit Plan for the financial year 2019 for adequacy of scope and coverage on the activities of the Group. Reviewed the Internal Audit Reports ("**IA Reports**") on a quarterly basis, which encompassed findings, recommendations, Management's responses and action plans. The ARMC also reviewed Management's implementation status of the action plans to ensure that findings had been addressed and duly resolved. During the FYE 2018, the ARMC reviewed the IA Reports for audits carried out on the core sections of the Group's business including Container operations, Support and Financial Services.
- Confirmed with the Head of Internal Audit through communication and interaction at the quarterly meetings, that all the internal auditors had the full cooperation of the Management and employees of the Group during the conduct of their audit and that their independence and objectivity were not compromised.
- Conducted the annual review of the Group's Internal Audit Charter.
- Assessed the adequacy of scope, functions, competency and resources of the Internal Audit Function.

d. External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the FYE 2018 to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed and discussed with the external auditors the audit findings, prior years' adjustments, audit analytics on key items and application of new Malaysian Financial Reporting Standards in relation to the statutory audit for the FYE 2018;
- Reviewed Management's representation and approach to fraud, potential non-compliance with laws and regulations and any potential instances of major litigations;
- Reviewed with the external auditors on audit materiality and setting of materiality thresholds for the FYE 2018 audit;
- Reviewed the independence, suitability, objectivity and cost effectiveness of the external auditors before recommending their re-appointment and remuneration to the Board. The external auditors had provided written assurance to the ARMC that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- Reviewed the level of compliance of the external auditors with the Group's external audit independence policy; and
- Met with the external auditors twice without the presence of Executive Board members and Management to discuss issues requiring attention/significant matters arising from the audit, one (1) time each with the outgoing auditors, KPMG PLT and current auditors, Deloitte PLT. It's being Deloitte PLT first year of engagement and they were satistied with support received from Management.

Following the outcome of the assessment and having satisfied with the external auditors' independence, suitability and objectivity, the ARMC at its meeting held on 25 January 2019 recommended to the Board to re-appoint Deloitte PLT as auditors of the Company. A resolution for their re-appointment will be tabled for approval by the shareholders at the forthcoming Twenty-Sixth Annual General Meeting.

e. Others

- Reviewed and recommended the appointment of new external auditors Deloitte PLT following an extensive competitive tender in line with practice for external auditor rotation.
- Reviewed with Management, the Group's budget and capital expenditure together with the assumptions for the financial year ending 31 December 2019.
- Reviewed the Solvency Test prior to recommending the declaration of the interim single tier dividends paid out to the Company's shareholders for the FYE 2018 to the Board for approval, having been satisfied that the Company will remain solvent after the distribution is made, pursuant to the Companies Act 2016.
- Reviewed the performance of the Company and its Group.
- Reviewed with Management on the new Terminal Operating Systems and it's benefits to the terminal operations.

EXTERNAL AUDIT FUNCTIONS

At the Twenty-Fifth Annual General Meeting held on 24 April 2018, Deloitte PLT was appointed as external auditors of the Group in place of the outgoing external auditors, KPMG PLT. The scope of the external auditors is ascertained by the ARMC, with a twice-a-year private meeting without the presence of Management held between the ARMC and the external auditors.

The Company's independent external auditors, Deloitte PLT, plays an essential role in enhancing the Company's reliability in its financial reporting. The external auditors have an obligation to highlight any significant weakness in the Company's control and compliance systems and bring the same to the attention of Management, the ARMC and the Board.

Throughout the year, the ARMC had four (4) meetings with external auditors whereby one (1) time with outgoing auditors, KPMG PLT and three (3) times with present auditors, Deloitte PLT. The ARMC is pleased to report that there was no significant matter of disagreement that arose between the external auditors and Management.

During the year, the amount of audit and non-audit fees paid by the Company and the Group to the external auditors are as follows:-

RM '000	Audit Related Fees	Non-Audit Related Fees
Company	55	0
Group	240	0

INTERNAL AUDIT FUNCTION

The Group has established an in-house Internal Audit Department ("**IAD**") that functionally reports directly to the ARMC and administratively to the GMD. IAD comprises of four (4) internal auditors, which clocked in 6,288 man hours for internal audit and risk management activities carried out in 2018. IAD is currently led by Chee Yen Lee, who has been with Westports Group for 18 years. She is a chartered accountant by profession and is a member of both the Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountant since 1995. Costs amounting to RM348,395 were incurred in relation to the Internal Audit function for the FYE 2018.

The IAD conducts independent scheduled audits to ensure there are effective risk monitoring, internal controls, governance processes and compliance procedures to provide the level of assurance required by the Board. The conduct of IAD work is governed by the Internal Audit Charter that provides for its independence and reflects the roles and responsibilities, accountability and scope of work of the department. The ARMC is satisfied that the internal auditors' independence and objectivity have been maintained as adequate safeguards are in place.

In conducting their independent audits, the IAD places emphasis on a risk-based auditing approach which forms an integral part of the audit plan. The key to solving lapses in internal controls is the submission of audit findings, recommendations and execution of agreed action plans which are encompassed in the audit reports.

The IAD submits their findings and audit recommendations to the Management for attention and further action. Management is responsible to ensure that the corrective actions are implemented within the required timeframes. Subsequently, the audit report which provides the results of the audit conducted is submitted to the ARMC for review. Key control issues and recommendations are highlighted to enable the ARMC to execute its oversight function.

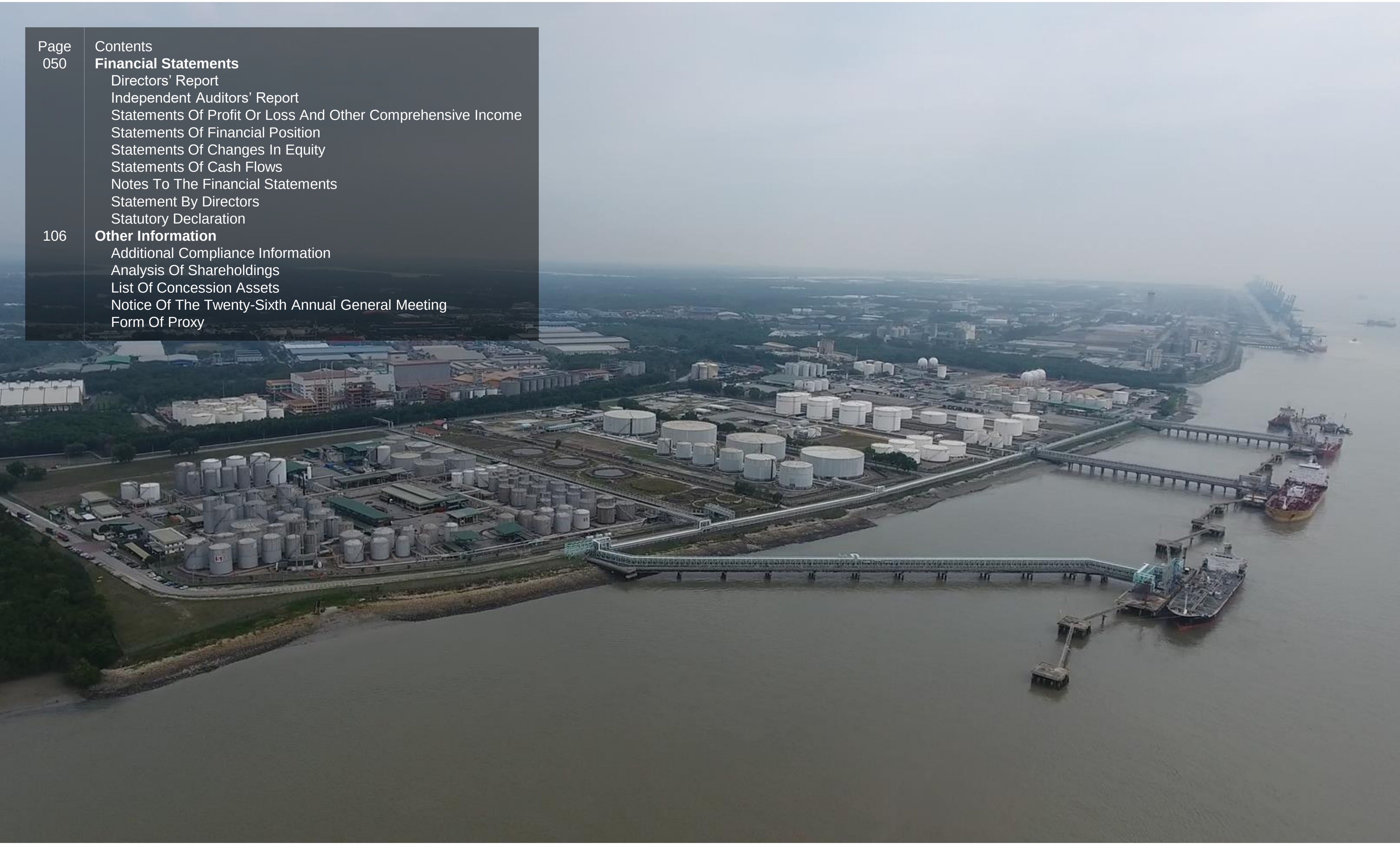
The key activities carried out by IAD for the FYE 2018 were as follows:-

a. Prepared the internal audit plan for year 2019, which is reviewed and approved by the ARMC.
b. Completed a total of nine (9) internal audit engagements as per the approved audit plan.
c. Discussed with auditees, process owners and Management on the results of the audit for each activity or process, and the recommendations for action plan to mitigate the identified risk or control work flow improvements.
d. Reported to the ARMC on a quarterly basis, the internal audit findings together with recommendations for improvements in the processes and control framework.
e. Followed up on all the action plans recommended from the previous internal audit reports to ensure that all matters are adequately addressed by Management.

The ARMC remains satisfied:-

- That the Internal Audit Manager has the relevant experience, standing and authority in ensuring that the Company's internal audit function is carried out objectively and independently;
- That the IAD personnel are competent, experienced and has been provided with the necessary resources information in order to discharge their duties accordingly;
- That the personnel carrying out the Company's internal audit activities are free from relationships and conflicts of interest which impaired or may impair the objectivity and independence of the Company's internal audit function;

This statement is made in accordance with a resolution of the Board dated 8 March 2019.



Liquid Bulk Terminal with its dedicated jetties that can handle more than 100 different types of cargo

Page | Contents

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and provision of management services to its subsidiary, whilst the principal activities of the subsidiary are as stated in Note 14 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 14 to the financial statements.

RESULTS

RM'000	Group	Company
Profit for the year	533,474	454,715

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

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the amounts of dividends paid by the Company were as follows:

(i) a second interim dividend of 7.95 sen per ordinary share amounting to RM271,095,000 in respect of the financial year ended 31 December 2017 on 6 March 2018; and

(ii) a first interim dividend of 5.40 sen per ordinary share amounting to RM184,140,000 in respect of the financial year ended 31 December 2018 on 20 August 2018.

DIRECTORS' INTERESTS IN SHARES (continued)

On 29 January 2019, the directors declared a second interim dividend of 6.33 sen per share, under the single tier system, in respect of the financial year ended 31 December 2018.

No final dividend was paid during the financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Dato' Yusli bin Mohamed Yusoff
Datuk Ruben Emir Gnanalingam bin Abdullah
Chan Chu Wei
Ip Sing Chi
Kim, Young So
Tan Sri Ismail Bin Adam
Ruth Sin Ling Tsim
Shanthi Kandiah
Chan Soo Chee (Appointed on 1 January 2018)
John Stephen Ashworth (Alternate Director to Ip Sing Chi)
Andy Wing Kit Tsoi (Appointed as an Alternate Director to Ruth Sin Ling Tsim on 26 March 2018)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Shareholdings in which Directors have direct interests				
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	100,000	-	-	100,000
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	-	-	210,000
Chan Chu Wei	920,000	-	-	920,000
Chan Soo Chee	50,000	-	-	50,000

DIRECTORS' INTERESTS IN SHARES (continued)

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Shareholdings in which Directors have deemed indirect interests				
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam				
Others:				
- Pembinaan Redzai Sdn. Bhd. ^	1,446,461,500	-	-	1,446,461,500
- Semakin Ajaib Sdn. Bhd. @	105,638,500	-	-	105,638,500
Datuk Ruben Emir Gnanalingam bin Abdullah				
Own:				
- Pembinaan Redzai Sdn. Bhd. *	1,446,461,500	-	(1,446,461,500)	-
- Semakin Ajaib Sdn. Bhd. #	105,638,500	-	-	105,638,500

^ Tan Sri Datuk Gnanalingam A/L Gunanath Lingam is deemed interested in the shares held by Pembinaan Redzai Sdn. Bhd. in the Company by virtue of his direct interest in Gryss (L) Foundation which has interest in Gryss Limited, which in turn holds shares in Pembinaan Redzai Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

* Deemed interested in the shares of the Company to the extent that Pembinaan Redzai Sdn. Bhd. has an interest.

@ Puan Sri Datin Ng Siew Yong is the spouse of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam. In accordance with Section 221(9) of the Companies Act 2016, the interests and deemed interests of Puan Sri Datin Ng Siew Yong in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam.

By virtue of his interest in Semakin Ajaib Sdn. Bhd. Datuk Ruben Emir Gnanalingam bin Abdullah is deemed interested in the shares of the Company to the extent that Semakin Ajaib Sdn. Bhd. has an interest in the Company.

By virtue of their interest in the shares of the Company, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam and Datuk Ruben Emir Gnanalingam bin Abdullah are also deemed interested in the shares of the subsidiary during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2018 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in Note 35 to the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Company, together with its subsidiary are covered under the corporate liability insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of corporate liability insurance effected for the Directors and Officers of the Group was RM50 million. The total amount of premium paid for the corporate liability insurance by the Group and the Company was RM40,000.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due except as disclosed in Note 33 to the financial statements.

In the opinion of the Directors, 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 susbstantially the results of operations of the Group and of the Company in the financial year in which this report is made.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2018 is as disclosed in Note 10 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

…………………………………………………………………
DATO' YUSLI BIN MOHAMED YUSOFF
Director

…………………………………………………………………
DATUK RUBEN EMIR GNANALINGAM BIN ABDULLAH
Director

Kuala Lumpur,
Date: 29 January 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **WESTPORTS HOLDINGS BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 December 2018, and the 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 56 to 104.

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 of 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 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 Matter

A key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group for the current year. This matter was 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 this matter.

Revenue recognition from port operation

Refer to Note 5(b)(i) and 6 to the financial statements	**How the matter was addressed in our audit**
Revenue from port operations of RM1.57 billion represents a significant proportion component of the Group's revenue for the year ended 31 December 2018. Revenue from port operations is recognised based on the throughput handled and the applicable tariffs. Revenue from throughput consists of large volumes of individually low value transactions. In addition, the tariffs applied in each transactions are based on the rates approved by the authority and with a variety of contractual terms agreed with the customers. The above factors give rise to risk of material misstatement in relation to the occurrence and accuracy of revenue recognised from port operations.	Our audit procedures, amongst others, include the following: • We evaluated the design and implementation of the relevant key controls over revenue recognition and tested their operating effectiveness. • We involved our information technology specialists to test the control environment of the IT systems and the application controls relevant to the recognition of revenue. • We tested the accuracy of the data interface between the relevant application systems. • Deployed data analytics in the testing of revenue from the container operations. • We performed procedures to corroborate the occurrence of revenue by tracing samples of revenue recognised to invoices and supporting documents. • We agreed the applied tariff to the applicable terms in the respective customers' contracts.

Fair value of construction services rendered under a concession arrangement

Refer to Notes 5(b)(iii), 6 and 13 to the financial statements	**How the matter was addressed in our audit**
Pursuant to a privatisation agreement and supplementary privatisation agreements entered into between the Group, Port Klang Authority and Government of Malaysia, the Group had in prior years rendered construction services to the government relating to the construction of port infrastructure in return for the right to operate the port. The determination of the fair value of the said construction services rendered involves significant management’s judgements and estimates. The above factors give rise to risk of material misstatement in relation to the valuation of the construction services rendered under the construction arrangement and the related concession assets.	Our audit procedures, amongst others, include the following: • We obtained an understanding of the terms and conditions stipulated in the privatisation agreement and supplementary privatisation agreements entered into with Port Klang Authority and the Government of Malaysia. • We challenged the appropriateness the basis used by the management in the determination of the fair value of the construction services rendered. • We assessed the reasonableness of the profit margin recognised by the management in arriving at the fair value of the construction services rendered against the available published information.

We have determined that there is no key audit matter in the audit of the financial statements of the Company to communicate in our auditors report.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

The financial statements of the Group and of the Company for the preceding financial year ended 31 December 2017 were audited by another firm of auditors and are presented here merely for comparative purpose. The report issued by the predecessor auditors, which was dated 8 February 2018 expressed an unmodified opinion on those financial statements.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEO SWEE CHUA
Partner - 02846/01/2020 J
Chartered Accountant

Kuala Lumpur,
29 January 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
RM'000	Note	2018	2017	2018	2017
Revenue	6	1,614,694	2,088,608	456,770	448,465
Cost of sales	7	(660,214)	(1,162,628)	-	-
Gross profit		954,480	925,980	456,770	448,465
Other income		9,464	26,688	-	-
Administrative expenses		(16,282)	(27,254)	(2,525)	(2,356)
Other expenses		(165,370)	(180,753)	-	-
Results from operating activities		782,292	744,661	454,245	446,109
Finance income	8	11,059	11,898	606	580
Finance costs	9	(92,134)	(79,677)	-	-
Profit before tax	10	701,217	676,882	454,851	446,689
Tax expense	11	(167,743)	(25,371)	(136)	(147)
Profit for the year		533,474	651,511	454,715	446,542
Total comprehensive income attributable to the owners of the Company		533,474	651,511	454,715	446,542
Basic earnings per ordinary share (sen)	25	15.64	19.11		

The notes on pages 62 to 104 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2018

		Group			Company	
		31.12.2018	31.12.2017	1.1.2017	2018	2017
RM'000	Note		Restated	Restated		
Non-current assets						
Property, plant and equipment	12	1,776,807	1,828,931	1,515,397	-	-
Concession assets	13	2,429,240	2,389,219	2,088,983	-	-
Investments in subsidiary	14	-	-	-	1,030,130	1,030,130
Total non-current assets		4,206,047	4,218,150	3,604,380	1,030,130	1,030,130
Current assets						
Inventories	15	6,146	11,318	-	-	-
Tax receivable		-	3,244	-	-	-
Trade and other receivables	16	431,176	353,128	386,353	5	5
Cash and short term investments	17	444,051	560,305	420,510	15,452	15,956
Total current assets		881,373	927,995	806,863	15,457	15,961
Total assets		5,087,420	5,146,145	4,411,243	1,045,587	1,046,091
Equity						
Share capital	18	1,038,000	1,038,000	341,000	1,038,000	1,038,000
Share premium	18	-	-	697,000	-	-
Reserves	18	1,377,086	1,298,847	1,093,091	7,486	8,006
Total equity		2,415,086	2,336,847	2,131,091	1,045,486	1,046,006
Non-current liabilities						
Borrowings	19	1,400,000	1,500,000	1,150,000	-	-
Trade and other payables	20	589	44,476	-	-	-
Employee benefits	21	9,855	9,559	9,037	-	-
Deferred tax liabilities	22	373,495	300,774	308,142	-	-
Service concession obligation	24	261,111	304,150	337,341	-	-
Total non-current liabilities		2,045,050	2,158,959	1,804,520	-	-

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2018

		Group			Company	
		31.12.2018	**31.12.2017**	**1.1.2017**	**2018**	**2017**
RM'000	Note		Restated	Restated		
Current liabilities						
Trade and other payables	20	177,190	376,555	269,937	59	62
Provisions	23	290,608	240,593	165,030	-	-
Tax payable		16,447	-	9,130	42	23
Borrowings	19	100,000	-	-	-	-
Service concession obligation	24	43,039	33,191	31,535	-	-
Total current liabilities		627,284	650,339	475,632	101	85
Total liabilities		2,672,334	2,809,298	2,280,152	101	85
Total equity and liabilities		5,087,420	5,146,145	4,411,243	1,045,587	1,046,091

This section has been intentionally left blank.

The notes on pages 62 to 104 are an integral part of these financial statements.

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

		Attributable to owners of the Company				
			Non-distributable		Distributable	
RM'000	Note	**Share capital**	**Share premium**	**Goodwill written off reserve**	**Retained earnings**	**Total**
Group						
At 1 January 2017						
As previously reported		341,000	697,000	(47,732)	1,078,657	2,068,925
Prior years' adjustments	36	-	-	-	62,166	62,166
As restated		341,000	697,000	(47,732)	1,140,823	2,131,091
Profit/Total comprehensive income for the year		-	-	-	651,511	651,511
Distributions to owners of the Company - Dividends	26	-	-	-	(445,755)	(445,755)
Total transactions with owners of the Company		-	-	-	(445,755)	(445,755)
Transfer in accordance with Section 618(2) of the Companies Act 2016		697,000	(697,000)	-	-	-
At 31 December 2017		1,038,000	-	(47,732)	1,346,579	2,336,847

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

		Attributable to owners of the Company				
			Non-distributable		Distributable	
RM'000	Note	**Share capital**	**Share premium**	**Goodwill written off reserve**	**Retained earnings**	**Total**
Group						
At 1 January 2018		1,038,000	-	(47,732)	1,346,579	2,336,847
Profit/Total comprehensive income for the year		-	-	-	533,474	533,474
Distributions to owners of the Company - Dividends		-	-	-	(455,235)	(455,235)
Total transactions with owners of the Company		-	-	-	(455,235)	(455,235)
At 31 December 2018		1,038,000	-	(47,732)	1,424,818	2,415,086

Statements Of Changes In Equity
Financial Statements

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

RM'000	Note	Share capital	*Non-distributable* Share premium	*Distributable* Retained earnings	Total
Company					
At 1 January 2017		341,000	697,000	7,219	1,045,219
Profit/Total comprehensive income for the year		-	-	446,542	446,542
Distributions to owners of the Company					
- Dividends	26	-	-	(445,755)	(445,755)
Total transactions with owners of the Company		-	-	(445,755)	(445,755)
Transfer in accordance with Section 618 (2) of the Companies Act 2016		697,000	(697,000)	-	-
At 31 December 2017/1 January 2018		1,038,000	-	8,006	1,046,006
Profit/Total comprehensive income for the year		-	-	454,715	454,715
Distributions to owners of the Company					
- Dividends	26	-	-	(455,235)	(455,235)
Total transactions with owners of the Company		-	-	(455,235)	(455,235)
At 31 December 2018		1,038,000		7,486	1,045,486

Statements Of Cash Flows
Financial Statements

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
RM'000	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities				
Profit before tax	701,217	676,882	454,851	446,689
Adjustments for:				
Depreciation of property, plant and equipment	131,312	113,911	-	-
Amortisation of concession assets	81,633	71,136	-	-
Finance costs - borrowings	74,424	60,311	-	-
Finance costs - accretion of service concession obligation	17,710	19,366	-	-
Concession assets written off	8,427	1,355	-	-
Dredging expenditure	2,344	785	-	-
Impairment loss on trade receivables	394	2,211	-	-
Provision for retirement benefits	555	527	-	-
Property, plant and equipment written off	2	1,186	-	-
Dividend income	-	-	(456,770)	(448,465)
Finance income	(9,593)	(11,898)	(606)	(580)
Income from money market fund	(1,466)	-	-	-
Reversal of impairment loss on trade receivables	(955)	(8,317)	-	-
Gain on disposal of property, plant and equipment	(543)	(1,038)	-	-
Operating profit/(loss) before working capital changes	1,005,461	926,417	(2,525)	(2,356)
Changes in working capital:				
Inventories	5,172	(987)	-	-
Trade and other receivables, excluding payment for dredging expenses	(51,284)	38,545	-	-
Payment for dredging expense	(28,547)	-	-	-
Trade and other payables	(243,187)	147,557	(3)	(8)
Provisions	50,015	75,563	-	-
Cash generated from/(used in) operations	737,630	1,187,095	(2,528)	(2,364)

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

	Group		Company	
RM'000	**2018**	**2017**	**2018**	**2017**
Cash generated from/(used in) operations (continued)	737,630	1,187,095	(2,528)	(2,364)
Income tax paid	(75,331)	(45,114)	(117)	(165)
Interest paid	(74,489)	(56,772)	-	-
Retirement benefits paid	(259)	(5)	-	-
Net cash generated from/(used in) operating activities	587,551	1,085,204	(2,645)	(2,529)
Cash flows from investing activities				
Interest received	9,593	11,898	606	580
Dividend received	-	-	456,770	448,465
Income received from money market fund	1,466	-	-	-
Proceeds from disposal of property, plant and equipment	1,079	1,334	-	-
Additions to concession assets	(130,081)	(372,727)	-	-
Purchase of property, plant and equipment	(79,726)	(439,258)	-	-
Net cash (used in)/generated from investing activities	(197,669)	(798,753)	457,376	449,045
Cash flows from financing activities				
Dividends paid to shareholders	(455,235)	(445,755)	(455,235)	(445,755)
Annual lease paid for use of port infrastructures and facilities	(50,901)	(50,901)	-	-
Fixed deposits pledged for borrowings	(1,375)	(3,458)	-	-
Proceeds from Sukuk MTN	-	350,000	-	-
Proceeds from revolving credit facility	-	200,000	-	-
Repayment of revolving credit facility	-	(200,000)	-	-
Net cash used in financing activities	(507,511)	(150,114)	(455,235)	(445,755)

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

		Group		Company	
RM'000	Note	**2018**	**2017**	**2018**	**2017**
Net (decrease)/increase in cash and cash equivalents		(117,629)	136,337	(504)	761
Cash and cash equivalents at 1 January		524,244	387,907	15,956	15,195
Cash and cash equivalents at 31 December	(i)	406,615	524,244	15,452	15,956

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
RM'000	Note	**2018**	**2017**	**2018**	**2017**
Cash and bank balances	17	190,914	435,181	1,217	1,729
Money market fund	17	201,466	-	-	-
Fixed deposits with licensed banks	17	51,671	125,124	14,235	14,227
		444,051	560,305	15,452	15,956
Less: Pledged deposits	17	(37,436)	(36,061)	-	-
		406,615	524,244	15,452	15,956

(ii) Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the movement of borrowings in the statements of cash flows is as follows:

RM'000	**1.1.2018**	**Net changes from financing cash flows**	**Accretion of interest**	**31.12.2018**
Group				
Sukuk MTN	1,500,000	-	-	1,500,000
Service concession obligation	337,341	(50,901)	17,710	304,150
	1,837,341	(50,901)	17,710	1,804,150

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

(ii) Reconciliation of liabilities arising from financing activities (continued)

RM'000	1.1.2017	Net changes from financing cash flows	Accretion of interest	31.12.2017
Group				
Sukuk MTN	1,150,000	350,000	-	1,500,000
Service concession obligation	368,876	(50,901)	19,366	337,341
	1,518,876	299,099	19,366	1,837,341

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

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

The Company is principally engaged in investment holding activities and provision of management services to its subsidiary, whilst the principal activities of the subsidiary are as stated in Note 14. There has been no significant change in the nature of these activities during the financial year.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at P.O. Box 266, Pulau Indah, 42009 Port Klang, Selangor Darul Ehsan.

These financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 29 January 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

2.1 Adoption of new and revised Standards

Amendments to MFRS that are mandatorily effective for the current year

In the current year, the Group and the Company have applied a number of new and amendments to MFRS and Interpretations issued by the MASB that are mandatorily effective for an accounting period that begins on or after 1 January 2018:

MFRS 9	*Financial Instruments*
MFRS 15	*Revenue from Contracts with Customers (and the related Clarification)*
Amendments to MFRS 2	*Classification and Measurement of Shared-based Payment Transactions*
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to MFSRs	MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards;* MFRS 12 *Disclosure of Interest in Other Entities*

The adoption of these new and amendments to MFRS and Interpretations has no material impact on the disclosures or on the amounts recognised in the financial statements other than disclosed below:

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Impact of initial application of MFRS 9 *Financial Instruments*

In the current year, the Group and the Company have applied MFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other MFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of MFRS 9 allow an entity not to restate comparatives.

MFRS 9 introduced new requirements for:
(1) The classification and measurement of financial assets and financial liabilities;
(2) Impairment of financial assets; and
(3) General hedge accounting.

The Group and the Company have applied MFRS 9 in accordance with the transition provisions set out in MFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and the Company have assessed its existing financial assets and financial liabilities in terms of the requirements of MFRS 9) is 1 January 2018. Accordingly, the Group and the Company have applied the requirements of MFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of MFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.1 Adoption of new and revised Standards (continued)

Impact of initial application of MFRS 9 *Financial Instruments* *(continued)*

(a) *Classification and measurement of financial assets (continued)*

Based on the management's assessment, the financial assets held by the Group and the Company as of 1 January 2018 will be reclassified as follow:

	MFRS 139 Carrying amount 31 December 2017	**Reclassifications**	**MFRS 9 Carrying amount 1 January 2018**
RM'000	**Loans and receivables**		**Amortised costs**
The Group			
Financial assets			
Trade and other receivables	308,032	-	308,032
Cash and short term investments	560,305	-	560,305
	868,337	-	868,337
The Company			
Financial assets			
Trade and other receivables	5	-	5
Cash and cash equivalents	15,956	-	15,956
	15,961	-	15,961

(b) Impairment of financial assets

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires the Group and the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

MFRS 9 requires the Group and the Company to recognise a loss allowance for expected credit losses on trade receivables.

In particular, MFRS 9 requires the Group and the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.1 Adoption of new and revised Standards (continued)

Impact of initial application of MFRS 9 *Financial Instruments* *(continued)*

(b) Impairment of financial assets (continued)

However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group and the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. MFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

Items existing as at 1 January 2018 that are subject to the impairment provision of MFRS 9	Credit risk attributes at 1 January 2018	Carrying amount as at 31 December 2017 RM'000	Carrying amount as at 1 January 2018 RM'000
The Group			
Trade and other receivables	The Group applies the simplified approach and recognised lifetime ECL	308,032	308,032
Cash and and short term investments	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions	560,305	560,305
		868,337	868,337
The Company			
Trade and other receivables	The Company applies the simplified approach and recognised lifetime ECL	5	5
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions	15,956	15,956
		15,961	15,961

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.1 Adoption of new and revised Standards (continued)

Impact of initial application of MFRS 9 *Financial Instruments* *(continued)*

(c) Classification and measurement of financial liabilities

A significant change introduced by MFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

MFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of MFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the entity's risk management activities have also been introduced.

The application of MFRS 9 has had no other impact on the results and financial position of the Group and the Company for the current and prior years as the Group and the Company did not adopt hedge accounting.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.1 Adoption of new and revised Standards (continued)

Impact of initial application of MFRS 9 *Financial Instruments* *(continued)*

(e) Disclosures in relation to the initial application of MFRS 9

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under MFRS 139 that were subject to reclassification or which the Group has elected to reclassify upon the application of MFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of MFRS 9 (i.e. 1 January 2018). Therefore, there is no disclosure in relation to this.

Impact of application of MFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied MFRS 15 *Revenue from Contracts with Customers (as amended in April 2016)* which is effective for an annual period that begins on or after 1 January 2018. MFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios.

The Group has applied MFRS 15 in accordance with the modified transitional approach, which involves not restating periods prior with the expedient in MFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

In accordance with MFRS 15, the Group recognises revenue when a performance obligation is satisfied, which is when ‘control’ of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

The application of MFRS 15 has not had a significant impact on the financial statements of the Group.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.2 Standards and Amendments in issue but not yet effective

The following are the accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS 16	*Leases*
MFRS 17	*Insurance Contracts*
MFRSs	*Amendments to References to the Conceptual Framework in MFRS Standards*
Amendments to MFRS 9	*Prepayment Features with Negative Compensation*
Amendments to MFRS 128	*Long-term Interest in Associates and Joint Ventures*
Annual Improvements to MFRSs 2015-2017 Cycle	Amendments to MFRS 3 *Business Combinations,* MFRS 11 *Joint Arrangements,* MFRS 112 *Income Tax and* MFRS 113 *Borrowing Costs*
Amendments to MFRS 119 *Employee Benefits*	*Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture*
Amendments to MFRS 3	*Definition of a Business*
Amendments to MFRS 101 and MFRS 108	*Definition of Material*
IC Int. 23	*Uncertainty over Income Tax Treatments*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except for the following:

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.2 Standards and Amendments in issue but not yet effective (continued)

MFRS 16 *Leases*

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.2 Standards and Amendments in issue but not yet effective (continued)

Amendments to MFRS 119 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). MFRS 119 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under MFRS 119.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to MFRS 119 are first applied. The amendments to MFRS 119 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 Inventories or value in use in MFRS 136 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

Subsidiary is entity, including structured entity, controlled by the Company. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

In the Company's separate financial statement, investment in subsidiary is stated at cost less accumulated impairment losses. The cost of investment includes transaction costs. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiary acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with the Group's accounting policies.

Business combinations

Acquisitions of subsidiary and business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Acquisitions of non-controlling interests

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Loss of control

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is 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 (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable MFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

Functional and presentation currency

These financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand, unless otherwise stated.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Where applicable, rebates and discounts to customer are accounted as net of revenue according to contract; and a general provision based on economic judgment may be recognised as provision. Payment of the transaction price is within the allowed credit period granted by the Group.

Port operations

The port operations of the Group principally generate revenue from providing port related services. The primary services are container cargo services, conventional cargo services and marine services. The Group accounts for each service separately as a distinct source of income at the point in time each service is rendered separately upon completion of the services.

(i) Container revenue

The Group provides container-related terminal handling services to shipping lines and forwarders. Container revenue included Terminal Handling Charges ("THC") and Value Added Services ("VAS"), of which the tariff rates are governed by the Government of Malaysia ("GOM") through Port Klang Authority ("PKA").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Port operations (continued)

(i) Container service revenue (continued)

THC includes the provision of container handling between the wharf and yard as well as certain storage days as stipulated in the PKA tariff circular. Container is stored at the Port premise for either pick-up by customer or loading to vessel. Additional service may be performed on the staged container upon request and charged as VAS.

THC revenue is recognised at the point in time when control of the container has been transferred upon completion of handling which refers to the movement of container between wharf and yard. Separately, VAS revenue is recognised at the point in time when control of the container has been transferred upon completion of service that refers to either completion of requested service or departure of container from the Port premise.

Revenue is recognise when the service is completed as this represents the point in time at which the right to consideration becomes unconditional, as only passage of time is required before the payment is due.

(ii) Conventional service revenue

The Group provides non-container-related terminal handling services to shipping lines and consignees. Conventional revenue comprises Dry Bulk, Break Bulk, Liquid Bulk, Cement cargo and Roll-On-Roll-Off ("RORO").

Revenue is recognised at the point in time when control of cargoes has been transferred upon completion of handling which refer to movement of cargo between wharf and yard.

(iii) Marine service revenue

All vessels that call the terminal may engage the Group for marine services where tugboats and pilot boat will be deployed to berth and unberth the vessels. Marine revenue comprises marine consolidated charge and VAS.

Revenue is recognised at the point in time when service has been rendered.

Construction revenue

The Group constructs and operates the terminal facilities based on the terms of the service concession arrangement mentioned in Note 4. Revenue related to construction or upgrade services under service concession arrangement is recognised over time using the percentage of completion method and is measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income

Rental income from land and building is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as other income.

Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related services is provided.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Employee benefits (continued)

Short-term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

State plan

The Group's contributions to statutory pension fund are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Defined benefit plan

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Group determines the present value of the defined benefit obligation and fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The defined benefit obligation, calculated using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields of government securities at the reporting date, which have currency and terms to maturity approximating the terms of the related liability.

Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurements recognised in the statement of comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs.

The Group has a defined benefit plan, the benefit of which is payable upon retirement, calculated by reference to length of service and the employees' estimated retirement basic salary. The liability in respect of the defined benefit plan recognised as at the reporting date is the present value of the defined benefit obligation at the reporting date. As at the reporting date, the defined benefit plan is unfunded.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts are recognised in property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventories.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than asset under construction) less their residual values over their useful lives, using the straight-line method, on the following bases

- Plant, machinery and equipment 5 to 30 years
- Motor vehicles 5 to 7 years
- Office equipment, furniture and fittings 3 to 7 years

Asset under construction is not depreciated. Asset under construction comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

Concession asset

(a) Service concession arrangement

Pursuant to a privatisation agreement signed between a subsidiary, namely Westports Malaysia Sdn. Bhd. (“WMSB”) and the Government of Malaysia (“GOM”) and Port Klang Authority (“PKA”) on 25 July 1994, the subsidiary is granted a license to provide port services for an initial period of 30 years with an additional 30 years (which was granted on 26 June 2014) upon the fulfilment of the terms and conditions as set out under the supplemental privatisation agreement, primarily on commitments to construct and operationalise certain additional port infrastructures and facilities in respect of the subject port.

The Group recognises concession assets arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructures and facilities. Concession assets received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition. Subsequent to initial recognition, the concession assets are measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of concession assets in a service concession arrangement is over the concession period extended to the Group.

The Group recognised port infrastructure and facilities as concession assets which include land reclamation, terminals, buildings, warehouse, paved areas, landscaping and certain assets under constructions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Concession asset (continued)

(a) Service concession arrangement (continued)

Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

(b) Annual lease payments for the use of port infrastructures and facilities

The Group recognised concession assets (and related service concession obligation) arising from lease rental payable for the relevant port infrastructures and facilities under the privatisation agreement at fair value on the first day of service concession arrangement or where impracticable, on the earliest period presented, arising from the adoption of IC Interpretation 12 Service Concession Arrangements.

The concession assets arising from the above are amortised over the relevant concession period.

Upon initial recognition, the concession assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the concession assets are accounted for in accordance with the accounting policy applicable to concession assets.

Minimum lease payments made are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the concession period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

When significant parts of concession assets are required to be replaced in intervals, the Group recognises such parts as individual assets at cost with specific useful lives and depreciation, respectively, if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss.

Concession assets (other than annual lease payments for the use of land and facilities) are amortised over the extended concession period. The initial concession period is 30 years ending 2024 and an additional period of 30 years which was granted on 26 June 2014. Amortisation on assets under construction included in concession assets commences only when the assets are ready for their intended use and are amortised over the remaining concession period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Concession asset (continued)

The fair value of a concession asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided. The fair value is calculated as the estimated total construction cost plus a profit margin, which the Group evaluates and determines to be a reasonable margin earned.

When the Group receives a concession asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of concession assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

Leased assets

(a) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(b) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprises expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing the inventories to their existing location and condition. Cost is calculated using the First-In First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

MFRS 9 replaces the provisions of MFRS 139 that relate to the recognition, classification and measurement of the financial assets and financial liabilities, derecognition of the financial instruments and impairment of financial assets. The adoption of MFRS 9 from 1 January 2018 resulted in changes in accounting policies.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss

Financial assets

<u>Accounting policies applied from 1 January 2018</u>

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

Financial assets *(continued)*

Classification of financial assets (continued)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortisation cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

Financial assets *(continued)*

Classification of financial assets (continued)

(i) Amortisation cost and effective interest method (continued)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the other gains and losses.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Accounting policies applied until 31 December 2017

The Group and the Company categorise financial assets as follow:

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market and also includes trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Classification of financial assets (continued)

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debts securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for debt instrument using the effective interest method is recognised in profit or loss.

Impairment of financial assets

<u>Accounting policies applied from 1 January 2018</u>

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 117 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

<u>Accounting policies applied until 31 December 2017</u>

Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is 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, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is 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 is reduced through the use of an allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

Financial assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is 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 is reversed. The amount of the reversal is recognised in profit or loss.

Derecognition of financial assets

<u>Accounting policies applied from 1 January 2018</u>

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

Financial assets *(continued)*

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

<u>Accounting policies applied until 31 December 2017</u>

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Ordinary shares are classified as equity.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continues)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other

Provisions

Provisions are recognised if, as a result of a past event, the Group 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 cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be presented as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. In the statement of profit or loss and other comprehensive income, the expense relating to a provision is presented net of the amount recognised for a reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent Liabilities and Contingent Assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment's results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of statements of cash flows. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. Money market fund are deposited in the money market and are managed by investment institutions. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SERVICE CONCESSION ARRANGEMENT

On 25 July 1994, a subsidiary of the Group, Westports Malaysia Sdn. Bhd. ("WMSB") entered into a privatisation agreement with Port Klang Authority ("PKA") and Government of Malaysia ("GOM") (collectively, PKA and GOM are known as the "Grantor"). The agreement ("Privatisation Agreement") provides the subsidiary with the licence to operate the port and to lease the said port property. Under the terms of the agreement, the subsidiary will operate the port for a period of 30 years, commencing from 1 September 1994 ("Take-over Date").

The Subsidiary has the right to charge the users of the port for services rendered, which the Subsidiary will collect and retain; however, the fees are capped subject to the tariffs for port services as determined by PKA and GOM. At the end of the concession period, the relevant port infrastructures and facilities will revert to the Grantor and the Subsidiary will have no further involvement in its operation and maintenance requirements.

As consideration to lease the said port property from PKA and GOM, the subsidiary has agreed to the annual base lease rentals and profit sharing payments at agreed terms.

A supplementary privatisation agreement dated 27 March 1999 was entered into in connection with the privatisation agreement. The supplementary privatisation agreement primarily provides for a moratorium of 5 years and 7 years in respect of the respective specified annual base lease rental payments; the expanded development plan of the port; incremental revision of the annual base lease rentals and certain clarifications to the existing terms and definitions of the Privatisation Agreement.

Subsequently, second supplemental agreement dated 15 January 2010 was entered into in connection with the privatisation agreement. The terms of the second supplemental agreement primarily provides for an additional concession period of 30 years; revision of the terms of the profit sharing payments and certain clarifications and/or additions to the existing terms and definitions of the Privatisation Agreement and supplementary privatisation agreement. The additional concession period of 30 years will commence on the day after the 30th anniversary of the Take-over Date upon the fulfilment of the following conditions:-

(a) completion of land reclamation works for container terminal ("CT") no. 6 to no. 9 on or before 1 January 2014; and
(b) completion of construction works for the CT no. 6 and for it to be operationalised on or before 1 January 2014.

PKA has vide its letter dated 26 June 2014, consented to the extension of concession period of 30 years from 1 September 2024 to 31 August 2054, subject to the terms and conditions as set out in the Privatisation Agreement dated 25 July 1994 and the supplemental agreements executed thereafter, between the GOM, PKA and WMSB.

4. SERVICE CONCESSION ARRANGEMENT (continued)

The Grantor may terminate the service concession agreement by giving not less than 3 calendar months' notice to that effect to the Subsidiary (without any obligation to give any reason thereof) if it considers that such termination is necessary for national interest, in the interest of national security or for the purpose of Government policy or public policy. Upon such termination, the Subsidiary shall be entitled to compensation which shall be determined by an independent auditor appointed by GOM after due consultation with PKA..

On 25 April 2013, a second supplementary lease agreement was entered into between PKA and WMSB. The second supplementary lease agreement provided for general covenants and the obligation to pay quit rent for the specified leased areas effective from financial year 2010.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY RESOURCES OF ESTIMATES UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows.

(i) Revenue from port operations – variable consideration

Under MFRS 15, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in revenue to the extent it is highly probable that there will be no significant reversal when the variable amount has been agreed upon.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY RESOURCES OF ESTIMATES UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Revenue from port operations – variable consideration *(continued)*

The tariffs applied in port operations are based on rates approved by the authority and with a variety of contractual terms agreed with the customers, which includes discounts and rebates. In making the estimates, the Group refers to the terms agreed with the customers and relies on the historical and information relating to the sales trend of the customers.

(ii) Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(iii) Revenue and cost recognition for intangible asset model

The Group adopts the intangible asset model as defined in IC 12 and has recognised a construction margins ranging from 1% to 5% in the construction of port infrastructure. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margins are based on relative comparison with general industry trend although actual margins may differ due to location, materials and other pricing consideration.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY RESOURCES OF ESTIMATES UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Estimated useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(v) Estimated fair value of financial instruments

The Group uses significant unobservable inputs i.e. interest rates ranging from 4.25% to 5.38% (2017: 4.25% to 5.38%) in determining the fair value of the financial instruments disclosure in Note 28. The estimated fair value of borrowings, other payables and services concession obligation would increase/(decreased) if the discount rate is lower/(higher).

(vi) Contingent liabilities

Contingent liabilities are recognised when a possible obligation pending on whether some uncertain future events occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. Significant management estimate is required to determine likelihood of the obligations to be realised.

6. REVENUE

	Group		Company	
RM'000	2018	2017	2018	2017
Port operations				
- Container	1,349,721	1,450,772	-	-
- Conventional	142,845	145,441	-	-
- Marine	77,254	78,123	-	-
	1,569,820	1,674,336	-	-
Rental income				
- land and buildings	44,874	41,545	-	-
Construction revenue	-	372,727	-	-
Dividend income	-	-	456,770	448,465
	1,614,694	2,088,608	456,770	448,465

Construction revenue represents the revenue recorded in accordance with IC Interpretation 12 relating to the construction of port related infrastructures under the privatisation agreements and is recognised based on the percentage of completion of the work performed.

7. COST OF SALES

	Group	
RM'000	2018	2017
Port operations	660,214	789,901
Construction cost	-	372,727
	660,214	1,162,628

8. FINANCE INCOME

RM'000	Group 2018	Group 2017	Company 2018	Company 2017
Income received from financial assets designated at fair value through profit or loss:				
Income received from money market fund	1,466	-	-	-
Interest income of financial assets that are not at fair value through profit or loss:				
Fixed deposits interest	9,426	11,740	606	580
Staff loan interest	-	1	-	-
Other interest	167	157	-	-
	11,059	11,898	606	580

9. FINANCE COSTS

RM'000	Group 2018	Group 2017	Company 2018	Company 2017
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Borrowings - SMTN	71,595	59,824	-	-
Accretion - service concession obligation	17,710	19,366	-	-
Other interest expenses	2,829	487	-	-
	92,134	79,677	-	-

10. PROFIT BEFORE TAX

RM'000	Group 2018	Group 2017	Company 2018	Company 2017
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit fees	240	295	55	55
- Non-audit fees	-	43	-	-
Depreciation of property, plant and equipment	131,312	113,911	-	-
Amortisation of concession assets	81,633	71,136	-	-
Dredging expenditure	2,344	785	-	-
Property, plant and equipment written off	2	1,186	-	-
Concession assets written off	8,427	1,355	-	-
Impairment loss on trade receivables	394	2,211	-	-
Personnel expenses (including key management personnel):				
- Provision for retirement benefits	555	527	-	-
- Defined contribution plan	30,030	28,236	-	-
- Wages, salaries and bonus	212,934	197,001	-	-
- Other employee benefits	2,971	2,452	-	-
Rental expense in respect of:				
- Premises	334	326	-	-
- Equipment	32,763	36,402	-	-
Profit sharing with PKA	10,963	10,272	-	-
Net realised foreign exchange loss	-	4	-	-
and after crediting:				
Dividend income				
- Subsidiary	-	-	456,770	448,465
Reversal of impairment loss on trade receivables	955	8,317	-	-
Gain on disposal of property, plant and equipment	543	1,038	-	-
Net realised foreign exchange gain	6,342	-	-	-

11. TAX EXPENSE

RM'000	Group 2018	Group 2017	Company 2018	Company 2017
Recognised in profit or loss				
Current tax expense				
- Current	94,818	33,879	145	148
- (Over)/Underprovision in prior years	204	(1,140)	(9)	(1)
	95,022	32,739	136	147
Deferred tax expense/(credit)				
- Origination of temporary differences	77,278	(5,400)	-	-
- Overprovision in prior years	(4,557)	(1,968)	-	-
	72,721	(7,368)	-	-
	167,743	25,371	136	147

RM'000	Group 2018	Group 2017	Company 2018	Company 2017
Reconciliation of tax expense				
Profit before tax	701,217	676,882	454,851	446,689
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	168,292	162,452	109,164	107,205
Non-deductible expenses	8,098	8,734	606	574
Non-taxable income	-	-	(109,625)	(107,631)
Tax incentive	(4,294)	(142,707)	-	-
	172,096	28,479	145	148
(Over)/Under provision in prior years				
- Current tax	204	(1,140)	(9)	(1)
- Deferred tax	(4,557)	(1,968)	-	-
	167,743	25,371	136	147

On 27 May 2010, a subsidiary, WMSB obtained an approval from the Ministry of Finance for Income Tax (Exemption) (No. 12) Order 2006 [PU(A) 113] whereby allowance of 60% is granted on qualifying capital expenditure incurred for a 5 year period and its utilisation is restricted to 70% of the statutory income for the year of assessment.

On 6 January 2016, WMSB received an extension on the tax incentive for three years commencing from 2015 from the Ministry of Finance under Section 127(3A) of the Income Tax Act, 1967.

This section has been intentionally left blank.

12. PROPERTY, PLANT AND EQUIPMENT

RM'000	Plant, machinery and Equipment	Motor vehicles	Office equipment, furniture and fittings	Assets under construction	Spares	Total
Group						
Cost						
At 1 January 2017	2,227,006	18,919	39,111	113,777	10,331	2,409,144
Additions	-	-	-	447,951	-	447,951
Disposals	(37,165)	(1,698)	(90)	-	-	(38,953)
Write off	(4,400)	-	(4,388)	-	-	(8,788)
Reclassification to concession assets	-	-	-	(10,924)	-	(10,924)
Reclassification to inventories	-	-	-	-	(10,331)	(10,331)
Borrowing costs capitalised	-	-	-	2,231	-	2,231
Transfers	537,930	481	2,910	(541,321)	-	-
At 31 December 2017/1 January 2018	2,723,371	17,702	37,543	11,714	-	2,790,330
Additions	-	-	-	86,525	-	86,525
Disposals	(7,136)	(2,881)	(241)	-	-	(10,258)
Write off	-	-	(6,943)	-	-	(6,943)
Reclassification to concession assets	-	-	-	(6,799)	-	(6,799)
Transfers	37,987	4,647	34,318	(76,952)	-	-
At 31 December 2018	2,754,222	19,468	64,677	14,488	-	2,852,855

12. PROPERTY, PLANT AND EQUIPMENT (continued)

RM'000	Plant, machinery and Equipment	Motor vehicles	Office equipment, furniture and fittings	Assets under construction	Spares	Total
Group						
Accumulated depreciation						
At 1 January 2017	853,133	9,733	30,881	-	-	893,747
Charge for the year	108,456	2,166	3,289	-	-	113,911
Disposals	(36,896)	(1,678)	(83)	-	-	(38,657)
Write off	(3,215)	-	(4,387)	-	-	(7,602)
At 31 December 2017/1 January 2018	921,478	10,221	29,700	-	-	961,399
Charge for the year	121,652	2,496	7,164	-	-	131,312
Disposals	(7,020)	(2,492)	(210)	-	-	(9,722)
Write off	-	-	(6,941)	-	-	(6,941)
At 31 December 2018	1,036,110	10,225	29,713	-	-	1,076,048
Carrying amounts						
At 31 December 2017	1,801,893	7,481	7,843	11,714	-	1,828,931
At 31 December 2018	1,718,112	9,243	34,964	14,488	-	1,776,807

In 2017, borrowing costs were capitalised to property, plant and equipment amounting to RM2,231,000 with interest rate at 4.14% per annum and the spares were transferred to inventories on the basis that the spares were generally not used for more than one year and did not meet the definition of property, plant and equipment.

13. CONCESSION ASSETS

Group Cost RM'000	Leased port infrastructures and facilities	Acquired and constructed port infrastructures and facilities	Assets under construction	Total
At 1 January 2017				
As previously reported	552,383	1,963,199	117,404	2,632,986
Prior years' adjustment (Note 36)	-	16,969	-	16,969
As restated	552,383	1,980,168	117,404	2,649,955
Additions	-	-	361,243	361,243
Write off	-	(1,879)	-	(1,879)
Borrowing costs capitalised	-	-	560	560
Reclassification from property, plant and equipment	-	-	10,924	10,924
Transfers	-	490,131	(490,131)	-
At 31 December 2017/1 January 2018	552,383	2,468,420	-	3,020,803
Additions	-	-	123,282	123,282
Write off	-	(13,224)	-	(13,224)
Reclassification from property, plant and equipment	-	-	6,799	6,799
Transfers	-	12,476	(12,476)	-
At 31 December 2018	552,383	2,467,672	117,605	3,137,660
Accumulated amortisation				
At 1 January 2017				
As previously reported	145,511	413,361	-	558,872
Prior years' adjustment (Note 36)	-	2,100	-	2,100
As restated	145,511	415,461	-	560,972
Amortisation for the year	18,188	52,948	-	71,136
Write off	-	(524)	-	(524)
At 31 December 2017/1 January 2018	163,699	467,885	-	631,584
Amortisation for the year	18,188	63,445	-	81,633
Write off	-	(4,797)	-	(4,797)
At 31 December 2018	181,887	526,533	-	708,420

13. CONCESSION ASSETS (continued)

Group RM'000	Leased port infrastructures and facilities	Acquired and constructed port infrastructures and facilities	Assets under construction	Total
Carrying amounts				
At 1 January 2017	406,872	1,564,707	117,404	2,088,983
At 31 December 2017	388,684	2,000,535	-	2,389,219
At 31 December 2018	370,496	1,941,139	117,605	2,429,240

In 2017, borrowing costs were capitalised to concession assets amounting to RM560,000 with interest rate at 4.14% per annum.

14. INVESTMENT IN SUBSIDIARY

	Company	
RM'000	**2018**	**2017**
Unquoted shares, at cost	1,030,130	1,030,130

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2018	Effective ownership interest 2017
Westports Malaysia Sdn. Bhd.	Port development and management of port operations	100%	100%

Included in Westports Malaysia Sdn. Bhd.'s share capital is a special share of RM1 issued to the Ministry of Finance (Incorporated).

14. INVESTMENT IN SUBSIDIARY (continued)

The special share enables the Government of Malaysia ("GOM") through the Ministry of Finance (Incorporated) to ensure that certain major decisions affecting the operations of the subsidiary are consistent with Government policies. The special shareholder or any person acting on behalf of the special shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class of shareholders of the subsidiary, but the special shareholder shall carry no right to vote nor any other rights at any such meeting.

The special shareholder shall be entitled to nominate one Director to be on the Board of Directors of the subsidiary.

Certain matters, in particular the alteration of the Articles of Association of the subsidiary relating to the rights of the special shareholder, creation and issue of additional shares which carry different voting rights, the dissolution of the subsidiary, substantial disposal of assets, amalgamations, merger and takeover and any proposals affecting the interests of the GOM or the national interest require prior consent of the special shareholder.

The special shareholder does not have any right to participate in the capital or profits of the subsidiary. The special shareholder has the right to require the subsidiary to redeem the special share at par at any time.

15. INVENTORIES

	Group	
RM'000	**2018**	**2017**
Spares	6,146	11,318
Recognised in profit or loss:		
Inventories recognised as cost of sales	118,773	98,321

16. TRADE AND OTHER RECEIVABLES

	Group			Company	
RM'000	**31.12.2018**	**31.12.2017 Restated**	**1.1.2017 Restated**	**31.12.2018**	**31.12.2017**
Trade					
Trade receivables	286,420	247,811	271,309	-	-
Non-trade					
Other receivables	139,286	101,332	110,659	-	-
Deposits	858	845	815	5	5
Prepayments	4,612	3,140	3,570	-	-
	144,756	105,317	115,044	5	5
	431,176	353,128	386,353	5	5

16. TRADE AND OTHER RECEIVABLES (continued)

Included in other receivables are lease rental receivables of RM47,297,000 (31.12.2017: RM47,297,000; 1.1.2017: RM47,297,000), input GST recoverable of RM36,770,000 (31.12.2017: RM40,106,000; 1.1.2017: RM18,231,000), and investments in club memberships amounting to RM1,850,000 (31.12.2017: RM1,850,000; 1.1.2017: RM1,850,000).

17. CASH AND CASH EQUIVALENTS

	Group		Company	
RM'000	**2018**	**2017**	**2018**	**2017**
Cash and bank balances	190,914	435,181	1,217	1,729
Money market fund	201,466	-	-	-
Fixed deposits with licensed banks	51,671	125,124	14,235	14,227
	444,051	560,305	15,452	15,956

Fixed deposits with licensed banks include pledged deposits of RM37,436,000 (2017: RM36,061,000) as securities for Sukuk Musharakah Medium Term Note programmes of the subsidiary (Note 19).

The interest rates are as follows:

	Group		Company	
%	**2018**	**2017**	**2018**	**2017**
Fixed and short-term deposits	3.84	3.85	3.90 – 4.05	3.60 – 3.90

The maturity periods of the deposits of the Group and of the Company are 180 days (2017: 60 days to 180 days).

18. SHARE CAPITAL AND RESERVES

	Group and Company			
	2018	**2018**	**2017**	**2017**
	Amount RM'000	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**
Issued and fully paid:				
Ordinary shares at 1 January	1,038,000	3,410,000	341,000	3,410,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	-	-	697,000	-
At 31 December	1,038,000	3,410,000	1,038,000	3,410,000

18. SHARE CAPITAL AND RESERVES (continued)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

In accordance with Section 618 of the 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 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit.

Included in share capital is share premium amounting to RM697,000,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of the Companies Act 2016).

Goodwill written-off reserve

This reserve relates to goodwill written-off arising from the acquisition of its subsidiary, measured at cost.

19. BORROWINGS

	Group	
RM'000	**2018**	**2017**
Secured:		
Sukuk Musharakah Medium Term Note	1,500,000	1,500,000
Less: Amount due within 12 months (shown under current liabilities)	(100,000)	-
Non-current portion	1,400,000	1,500,000

The non-current portion is repayable as follows:

	Group	
RM'000	**2018**	**2017**
Financial years ending December 31:		
2019	-	100,000
2020	100,000	100,000
2021	150,000	150,000
2022	175,000	175,000
2023	125,000	125,000
2024 and above	850,000	850,000
	1,400,000	1,500,000

19. BORROWINGS (continued)

Sukuk Musharakah Medium Term Note ("SMTN") – representing a 20-years Sukuk Musharakah Medium Term Note programme with an initial draw down of RM450 million on 3 May 2011. This initial draw down is repayable in 6 annual tranches from 3 May 2021 to 3 May 2026. The SMTN is available for issuance of aggregate nominal value of RM2.0 billion. The profit rates range from 4.95% to 5.38% per annum.

On 1 April 2013, an additional RM250 million of SMTN was drawndown and is repayable in 4 tranches from 1 April 2025 to 31 March 2028. The profit rates range from 4.43% to 4.58% per annum.

On 23 October 2013, an additional RM200 million of SMTN was drawndown and is repayable in 5 tranches from 23 October 2024 to 23 October 2028. The profit rates range from 4.58% to 4.90% per annum.

On 3 April 2014, an additional RM250 million of SMTN was drawndown and is repayable in 4 tranches from 2 April 2021 to 3 April 2024. The profit rates range from 4.60% to 4.85% per annum.

On 7 August 2017, an additional RM200 million of SMTN was drawndown and is repayable in 2 tranches from 7 August 2019 to 7 August 2020. The profit rates range from 4.15% to 4.22% per annum.

On 13 December 2017, an additional RM150 million of SMTN was drawndown and is repayable in 3 tranches from 13 December 2021 to 13 December 2027. The profit rates range from 4.53% to 4.90% per annum.

SMTN has been implemented on a clean basis and certain pledged deposits are maintained in the Finance Service Reserve Account with the lender as disclosed in Note 17.

Covenant

The SMTN is subject to certain positive and negative undertakings and the primary financial covenants are as follows:-

(i) Financial service cover ratio of WMSB shall not be less than 1.25 times; and
(ii) Finance to equity ratio of WMSB shall not exceed 2.0 times.

WMSB is required to maintain a minimal rating of AA+IS during the tenor of SMTN. The subsidiary attained a rating of AA+IS from Malaysia Rating Corporation Berhad since January 2008 with the last rating review carried out in June 2018.

20. TRADE AND OTHER PAYABLES

RM'000	Note	Group 2018	Group 2017	Company 2018	Company 2017
Non-current					
Non-trade					
Other payables	20.1	589	44,476	-	-
		589	44,476	-	-
Current					
Trade					
Trade payables	20.2	67,021	114,081	-	-
Accrued expenses		25,756	36,990	-	-
Deferred revenue		10,035	9,645	-	-
		102,812	160,716	-	-
Non-trade					
Other payables	20.1	63,393	205,366	59	62
Accrued expenses	20.3	10,985	10,473	-	-
		177,190	376,555	59	62
		177,779	421,031	59	62

20.1 Included in other payables are non-current and current balances due to a supplier for the purchases of property, plant and equipment which are payables not later than two years from the original payment due dates.

20.2 Included in trade payables are balances due to related parties amounting to RM36,000 (2017 : RM37,000) which are unsecured, interest free and repayable on demand.

20.3 Included in non-trade accrued expenses of the Group is profit sharing expenses payable to the port authority amounting to RM10,963,000 (2017: RM10,199,000).

21. EMPLOYEE BENEFITS

RM'000	Group 2018	Group 2017
Present value of unfunded obligations		
Provision for retirement benefits	9,855	9,559

The Group operates a defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme are determined based on the latest available actuarial valuation by a qualified independent actuary.

21. EMPLOYEE BENEFITS (continued)

Principal assumptions at the end of the reporting periods are as follows:

	Group 2018	Group 2017
Discount rate	5.75%	5.75%
Expected annual salary increment rate	7%	7%

Movements in the present value of defined benefit obligations:

RM'000	Group 2018	Group 2017
Defined benefit obligations at 1 January	9,559	9,037
Expenses recognised in profit or loss	555	527
Retirement benefits paid	(259)	(5)
Defined benefit obligations at 31 December	9,855	9,559

The defined benefit plan was frozen on 31 August 2004. Subsequent to 31 August 2004, no new participants are introduced to the defined benefit plan. Employees under the defined benefit plan continue to be eligible for its retirement benefits but computations of their length of service years with the Group is only until 31 August 2004.

22. DEFERRED TAX LIABILITIES

The deferred tax amounts, determined after appropriate offsetting, are as follows:

RM'000	Group 2018	Group 2017
Deferred tax liabilities	429,934	412,349
Deferred tax assets	(56,439)	(111,575)
	373,495	300,774

22. DEFERRED TAX LIABILITIES (continued)

Movement in deferred tax assets and liabilities (prior to offsetting of balances) of the Group during the year are as follows:

RM'000	At 1.1.2017	Recognised in profit or loss (Note 11)	At 31.12.2017/ 1.1.2018	Recognised in profit or loss (Note 11)	At 31.12.2018
Group					
Property plant and equipment and concession assets	(339,198)	(73,151)	(412,349)	(17,585)	(429,934)
Provisions	31,244	11,948	43,192	13,247	56,439
Unabsorbed investment tax allowance	-	68,383	68,383	(68,383)	-
Others	(188)	188	-	-	-
	308,142	7,368	(300,774)	(72,721)	(373,495)

Deferred tax liabilities and assets above are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and that the deferred taxes relate to the same taxation authority and entity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The deductible temporary differences do not expire under the current tax legislation.

23. PROVISIONS

Included in provisions are payables to various external parties relating to marketing activities and provision for Bills of Demand from the Royal Malaysian Customs Department as disclosed in Note 33. The movements in the provisions during the reporting year were as follows:

RM'000	Group
At 1 January 2017	165,030
Provisions made	361,840
Payments made	(286,277)
At 31 December 2017/1 January 2018	240,593
Provisions made	398,641
Payments made	(348,626)
At 31 December 2018	290,608

24. SERVICE CONCESSION OBLIGATION

RM'000	Group 2018	Group 2017
At 1 January	337,341	368,876
Finance costs	17,710	19,366
Payment of lease rental	(50,901)	(50,901)
At 31 December	304,150	337,341

The minimum lease payments for the service concession obligation are payable as follows:

RM'000	Future minimum lease payments 2018	Interest 2018	Present value of minimum lease payments 2018	Future minimum lease payments 2017	Interest 2017	Present value of minimum lease payments 2017
Group						
Less than 1 year	59,007	(15,968)	43,039	50,901	(17,710)	33,191
Between 1 and 5 years	304,265	(43,154)	261,111	299,082	(55,920)	243,162
More than 5 years	-	-	-	64,190	(3,202)	60,988
	363,272	(59,122)	304,150	414,173	(76,832)	337,341

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM533,474,000 (2017: RM651,511,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,410,000,000 (2017: 3,410,000,000).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current financial year as the Group does not have dilutive instruments.

26. DIVIDENDS

Dividends recognised by the Group and the Company:

	Sen per share	Amount RM'000	Date of payment
2018			
Second interim dividend 2017	7.95	271,095	6 March 2018
First interim dividend 2018	5.40	184,140	20 August 2018
		455,235	
2017			
Second interim dividend 2016	6.70	228,470	8 March 2017
First interim dividend 2017	6.37	217,285	15 August 2017
		445,755	

On 29 January 2019, the directors declared a second interim dividend of 6.33 sen per share, under the single tier system, in respect of the financial year ended 31 December 2018.

No final dividend was paid during the financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

27. OPERATING SEGMENTS

The Board of Directors reviews internal management reports on a monthly basis. Operating segments are components in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of port development and management of port operations as its sole operating segment.

The Board of Directors does not consider investment holding activities as a reportable segment. For segmental reporting, unallocated costs relate to administrative expenses of the holding company. Unallocated assets and liabilities pertain to the holding company's property, plant and equipment, other receivables, investments in securities, cash and cash equivalents, other payables and tax liabilities.

No entity wide geographic information is provided as the Group's activities are carried out predominantly in Malaysia.

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented regularly to the Board of Directors and hence, no disclosure is made on the segment asset.

Segment liabilities

Segment liabilities information is not presented regularly to the Board of Directors and hence, no disclosure is made on the segment liability.

27. OPERATING SEGMENTS (continued)

Segment capital expenditure

Segment capital expenditure information is the total cost incurred during the financial year to acquire and construct property, plant and equipment and concession assets.

Information about reportable segment

	Port development and management of port operations	
RM'000	**2018**	**2017**
Reportable segment profit	784,817	747,017
Included in the measure of segment profit are:		
Revenue - external customers	1,614,694	1,715,881
- construction services for GOM	-	372,727
Reversal of impairment loss on trade receivables	955	8,317
Gain on disposal of property, plant and equipment	543	1,038
Depreciation	(131,312)	(113,911)
Amortisation	(81,633)	(71,136)
Concession assets written off	(8,427)	(1,355)
Impairment loss on trade receivables	(394)	(2,211)
Property, plant and equipment written off	(2)	(1,186)

Reconciliation of reportable segment profit and revenue

	Port development and management of port operations	
RM'000	**2018**	**2017**
Profit		
Reportable segment	784,818	747,017
Non-reportable segment	(2,526)	(2,356)
Finance income	11,059	11,898
Finance costs	(92,134)	(79,677)
Consolidated profit before tax	701,217	676,882
Revenue		
Reportable segment	1,614,694	2,088,608
Non-reportable segment	-	-
Consolidated revenue	1,614,694	2,088,608

27. OPERATING SEGMENTS (continued)

Geographical information
The revenue of the Group are from its sole port operations in Malaysia.

All non-current assets of the Group were maintained within Malaysia as at the end of the current and previous financial year.

Major customers
Revenue from a customer of the Group amounted to RM247,318,000 (2017: RM263,896,000) contributed 15% (2017: 13%) of the Group's revenue.

28. FINANCIAL INSTRUMENTS

(a) Classes and categories of financial instruments and their fair values

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy level have not been presented for these instruments.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statement of financial position. Combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

This section has been intentionally left blank.

28. FINANCIAL INSTRUMENTS (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

	Carrying amount					Fair value			
	Financial assets			Financial liabilities		Level			
RM'000	FVTPL - designated	Amortised cost	Loans and receivables	Amortised cost	Total	1	2	3	Total
2018									
Group									
Trade and other receivables *	-	387,944	-	-	387,944	Note 1	Note 1	Note 1	
Cash and bank balances	-	242,585	-	-	242,585	Note 1	Note 1	Note 1	
Money market fund	201,466	-	-	-	201,466	201,466	-	-	201,466
Trade and other payables ^	-	-	-	(167,155)	(167,155)	Note 1	Note 1	Note 1	
Other payables - non current	-	-	-	(589)	(589)	-	-	(589)	(589)
Borrowings	-	-	-	(1,500,000)	(1,500,000)	-	-	(1,422,683)	(1,422,683)
Service concession obligation	-	-	-	(304,150)	(304,150)	-	-	(256,856)	(256,856)

28. FINANCIAL INSTRUMENTS (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

	Carrying amount					Fair value			
	Financial assets			Financial liabilities		Level			
RM'000	FVTPL - designated	Amortised cost	Loans and receivables	Amortised cost	Total	1	2	3	Total
2017									
Group									
Trade and other receivables *	-	-	308,032	-	308,032	Note 1	Note 1	Note 1	
Cash and bank balances	-	-	560,305	-	560,305	Note 1	Note 1	Note 1	
Trade and other payables ^	-	-	-	(366,910)	(366,910)	Note 1	Note 1	Note 1	
Other payables - non current	-	-	-	(44,476)	(44,476)	-	-	(44,476)	(44,476)
Borrowings	-	-	-	(1,500,000)	(1,500,000)	-	-	(1,484,910)	(1,484,910)
Service concession obligation	-	-	-	(337,341)	(337,341)	-	-	(276,868)	(276,868)

* Excludes investments in club membership, prepayments, and input tax recoverable.

^ Excludes deferred revenue.

Note 1 - the carrying amount approximate fair values due to the relatively short-term nature of these financial instruments.

28. FINANCIAL INSTRUMENTS (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

	Carrying amount					Fair value		
	Financial assets			Financial liabilities		Level		
RM'000	FVTPL - designated	Amortised cost	Loans and receivables	Amortised cost	Total	1	2	3
2018								
Company								
Trade and other receivables	-	5	-	-	5	Note 1	Note 1	Note 1
Cash and bank balances	-	15,452	-	-	15,452	Note 1	Note 1	Note 1
Trade and other payables	-	-	-	(59)	(59)	Note 1	Note 1	Note 1
2017								
Company								
Trade and other receivables	-	-	5	-	5	Note 1	Note 1	Note 1
Cash and bank balances	-	-	15,956	-	15,956	Note 1	Note 1	Note 1
Trade and other payables	-	-	-	(62)	(62)	Note 1	Note 1	Note 1

There were no transfers between Level 1 and 2 during the current or prior year.
Note 1 - the carrying amount approximate fair values due to the relatively short-term nature of these financial instruments.

28. FINANCIAL INSTRUMENTS (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flows	Interest rate of 4.12% to 4.74% (2017: 4.26%-4.86%) per annum	The estimated fair value would increase / (decrease) if the discount rate is lower/(higher)
Other payables	Discounted cash flows	Interest rate of 4.25% (2017: 4.25%) per annum	The estimated fair value would increase / (decrease) if the discount rate is lower/(higher)
Service concession obligation	Discounted cash flows	Interest rate of 4.76% (2017: 4.76%) per annum	The estimated fair value would increase / (decrease) if the discount rate is lower/(higher)

(b) Net gains and losses arising from financial instruments

	Group		Company	
RM'000	2018	2017	2018	2017
Net gains/(losses) on:				
Financial assets measured at: amortised costs (2017: loans and receivables):				
- allowances for impairment losses - trade	(394)	(2,211)	-	-
- fixed deposits interests	9,426	11,740	606	580
- staff loan interests	-	1	-	-
- reversal of impairment loss on trade receivables	955	8,317	-	-
- other interest	167	157		
	10,154	18,004	606	580

28. FINANCIAL INSTRUMENTS (continued)

(b) Net gains and losses arising from financial instruments (continued)

	Group		Company	
RM'000	2018	2017	2018	2017
Financial liabilities measured at amortised cost:				
- borrowings - SMTN	(71,595)	(59,824)	-	-
- interest expenses - capitalised in property, plant and equipment and concession assets	-	(2,791)	-	-
- accretion - service concession obligation	(17,710)	(19,366)	-	-
- other interest expenses	(2,829)	(487)	-	-
	(92,134)	(82,468)	-	-
	(81,980)	(64,464)	606	580

(c) Financial risk management objectives

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
  - Currency risk
  - Interest rate risk
- Credit risk
- Liquidity and cash flow risk

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

(i) Foreign currency risk management

The Group is exposed to foreign currency risk on purchases of machineries and parts that are denominated in currency other than the functional currency. The currency that gives rise to this risk is primarily the United States dollar.

The carrying amounts of the Group's foreign currency denominated monetary liabilities at the reporting date are as follows:

	Liabilities	
RM'000	**2018**	**2017**
Currency		
United States dollar	53,318	229,669
South Korean won	1,309	-
Hong Kong dollar	226	-
Singapore dollar	218	295
Japanese yen	-	511

Exposure to foreign currency risk is monitored and where considered necessary, the Group may consider appropriate hedging strategies to mitigate the foreign currency risks.

Foreign currency sensitivity analysis

The Group does not have any significant exposure to foreign currency risk as most of its transactions and balances are denominated in Ringgit Malaysia, other than the purchases of machineries and parts. The exposure to currency risk of the Group is not material and hence, sensitivity analysis is not presented.

(ii) Interest rate risk management

The Group does not have any significant exposure to interest rate risk as the financial assets and financial liabilities are subjected to fixed rates but the Group does not measure them at fair value.

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Market risk (continued)

(ii) Interest rate risk management *(continued)*

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
RM'000	**2018**	**2017**	**2018**	**2017**
Fixed rate instruments				
Fixed deposits with licensed banks	51,671	125,124	14,235	14,227
Borrowings	(1,500,000)	(1,500,000)	-	-
Service concession obligation	(304,150)	(337,341)	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not materially affect profit or loss.

Credit risk management

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables from customers and cash and cash equivalents.

Receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed by Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Credit risk management (continued)

***Receivables** (continued)*

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses credit risk grading framework to monitor the credit quality of the receivables based on its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In Default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in serve financial difficulty and the Group has no realistic prospect of recovery	Amount written off

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts from 5 (2017: 5) main customers, representing approximately 49% (2017: 38%) of the Group's trade receivables.

The Group obtains financial guarantees from certain customers in managing its exposures to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM47.6 million (2017: RM47.3 million) from trade receivables.

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Credit risk management (continued)

***Receivables** (continued)*

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	Trade receivables – days past due				
RM'000	Not past due	1 – 30 days	31 – 120 days	More than 120 days	Total
2018					
Group					
Estimated total gross carrying amount at default	167,951	73,079	41,584	5,001	287,615
Lifetime ECL	-	-	-	(1,194)	(1,194)
					286,421
2017					
Group					
Estimated total gross carrying amount at default	151,232	72,687	19,736	7,660	251,315
Lifetime ECL	-	-	-	(3,504)	(3,504)
					247,811

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Credit risk management (continued)

Receivables *(continued)*

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
RM'000	**2018**	**2017**
Lifetime ECL (simplified approach)		
At 1 January	3,504	9,610
Impairment loss recognised	394	2,211
Impairment loss written off	(1,749)	-
Reversal of impairment loss	(955)	(8,317)
At 31 December	1,194	3,504

Cash and cash equivalents

The Group's and the Company's cash and cash equivalents are deposited with licensed banks.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position and the Group's financial assets as disclosed in note 28(a) best represents their respective maximum exposure to credit risk. Management does not expect any counterparty to fail to meet its obligations.

Liquidity and cash flow risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities that are deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

This section has been intentionally left blank.

28. FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives (continued)

Liquidity and cash flow risk management *(continued)*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

RM'000	Carrying amount	Contractual profit/ interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
Group							
2018							
Non-derivative financial liabilities							
Borrowings	1,500,000	4.43% - 5.38%	1,895,695	170,000	165,810	605,166	954,719
Trade and other payables (current)	167,157		167,157	167,157	-	-	-
Other payables (non-current)	589	4.25%	1,573	-	1,573	-	-
Service concession obligation	304,150	5.25%	363,272	59,007	59,007	181,068	64,190
Bank guarantees	-		6,765	6,765	-	-	-
	1,971,896		2,434,462	402,929	226,390	786,234	1,018,909
2017							
Non-derivative financial liabilities							
Borrowings	1,500,000	4.43% - 5.38%	1,967,269	71,660	170,000	602,476	1,123,133
Trade and other payables (current)	366,910	-	366,910	366,910	-	-	-
Other payables (non-current)	44,476	4.25%	47,613	-	46,040	1,573	-
Service concession obligation	337,341	5.25%	414,173	50,901	59,007	179,044	125,221
Bank guarantees	-		18,433	17,403	1,030	-	-
	2,248,727		2,814,398	506,874	276,077	783,093	1,248,354
Company							
2018							
Non-derivative financial liabilities							
Other payables	59		59	59	-	-	-
2017							
Non-derivative financial liabilities							
Other payables	62		62	62	-	-	-

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain the GOM, investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and to comply with applicable externally imposed covenants or conditions.

RM'000	Group 2018	Group 2017
Total borrowings	1,500,000	1,500,000
Less: Cash and short term investments	(444,051)	(560,305)
Net debt	1,055,949	939,695
Total equity	2,415,086	2,336,847
Debt-to-equity ratio	0.44	0.40

There were no changes in the Group's approach to capital management during the financial year.

30. CAPITAL COMMITMENTS

RM'000	Group 2018	Group 2017
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
Authorised and contracted for	61,704	59,994
Authorised but not contracted for	-	5,544

31. LONG TERM INFORMATION TECHNOLOGY SERVICES AGREEMENT

Non-cancellable long term information technology services agreement are payable as follows:

RM'000	Group 2018	Group 2017
Less than one year	31,326	32,716
Between one and five years	38,954	68,125
	70,280	100,841

The Group entered into an information technology infrastructure service agreement which runs for a period of 10 years.

32. OPERATING LEASES

Leases as lessor

The Group sub-leases out certain land under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

RM'000	Group 2018	Group 2017
Less than one year	25,364	31,700
Between one and five years	126,821	136,226
More than five years	-	59,086
	152,185	227,012

33. CONTINGENT LIABILITIES

RM'000	2018	2017
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	35,355
Bank guarantees (unsecured)	6,765	18,433

The subsidiary, WMSB, was subjected to Port Clearance Audit by the Royal Malaysian Customs Department ("Customs") on 23 November 2016.

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 September 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2011, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

WMSB has been engaging with the Customs and the Ministry of Finance and has also sought additional inputs to provide guidance but received an unfavourable decision from the authorities on 19 December 2017. In the opinion of the Directors, after taking appropriate legal advice, the outcomes of such actions are remote and therefore, no provisions have been made in the financial statements. The case is pending for court hearing.

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group. Transactions with key management personnel are disclosed in Note 35.

The Group has related party relationship with its significant investors, subsidiary, related companies, Directors and key management personnel.

Related party transactions have been entered into in the normal course of business and under negotiated terms. The balances related to the below transaction is shown in Note 20.

	Group	
RM'000	**2018**	**2017**
Corporate shareholder		
Pembinaan Redzai Sdn. Bhd.		
- Administrative expenses	13	12
Companies in which a Director has significant financial interest		
KL Dragons Sdn. Bhd.		
- Sponsorship for basketball team	2,000	2,000
Cloud Ten Executive Travel & Tours Sdn. Bhd.		
- Flight ticket and accommodation	1,648	1,337
Gryss Holdings Sdn. Bhd.		
- Office rental	371	406
PKT Logistics (M) Sdn. Bhd.		
- Revenue and rental income	(4,747)	(3,267)

35. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those Group or Company personnel having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel include all the Directors of the Group or Company. The key management personnel compensation are as follows:

	Group		Company	
RM'000	**2018**	**2017**	**2018**	**2017**
Directors' fees	2,160	2,060	1,080	1,050
Remuneration	12,052	11,640	-	-
Defined contribution plan	2,049	1,957	-	-
Allowances	711	641	682	614
	16,972	16,298	1,762	1,664

The estimated monetary value of Directors' benefit-in-kind is RM824,000 (2017: RM153,000).

36. PRIOR YEARS' ADJUSTMENTS

The following balances have been restated to reflect the effects of the certain prior years' adjustments:

RM'000	**As previously reported**	**Prior years' adjustments (i)**	**(ii)**	**As restated**
Statement of changes in equity				
Retained earnings as of 1 January 2017	1,078,657	47,297	14,869	1,140,823
Retained earnings as of 31 December 2017	1,284,413	47,297	14,869	1,346,579
Statement of financial position				
As of 1 January 2017				
Non-current assets				
Concession assets	2,074,114	-	14,869	2,088,983
Current assets				
Trade and other receivables	339,056	47,297	-	386,353
Equity				
Reserves	1,030,925	47,297	14,869	1,093,091

36. PRIOR YEAR ADJUSTMENTS (continued)

RM'000	As previously reported	Prior years' adjustments (i)	(ii)	As restated
Statement of financial position (continued)				
As of 31 January 2017				
Non-current assets				
Concession assets	2,374,350	-	14,869	2,389,219
Current assets				
Trade and other receivables	305,831	47,297	-	353,128
Equity				
Reserves	1,236,681	47,297	14,869	1,298,847

(i) In prior years, the Group recognised lease rental income based on contractual terms stated in the agreements which consist of step-up lease rental rates. During the current financial year, the management has reassessed the appropriateness of its basis of recognising the lease rental income and has determined that the straight-line method is the appropriate basis to recognise its lease rental income. The effect of the change in the basis of recognising the lease rental income has been adjusted through a prior years' adjustment.

The financial effect between the previous basis of lease rental income recognition and the new basis in current year will be the same at the end of the lease rental period.

(ii) The financial effect between the previous basis of lease rental income recognition and the new basis in current year will be the same at the end of the lease rental period. In prior years, the Group did not recognise profit margin relating to the construction services rendered in respect of the construction of the port infrastructure under a concession arrangement. During the current financial year, the management reassessed the appropriateness of the fair value of the construction services rendered and has determined that profit margins ranging from 1% to 5% should be recognised to reflect the fair value of the construction services rendered. The effect on prior years has been adjusted through a prior years' adjustment.

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

In the opinion of the Directors, the financial statements set out on pages 56 to 104 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 of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………………………
DATO' YUSLI BIN MOHAMED YUSOFF
Director

…………………………………………………………………
DATUK RUBEN EMIR GNANALINGAM BIN ABDULLAH
Director

Kuala Lumpur,
Date: 29 January 2019

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lee Mun Tat, the officer primarily responsible for the financial management of Westports Holdings Berhad do solemnly and sincerely declare that the financial statements set out on pages 56 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lee Mun Tat, I/C No 710320-08-6293, at Kuala Lumpur in the Federal Territory on 29 January 2019.

……………………………………………………………….
Lee Mun Tat
MIA 14184

Before me:

Kapt (B) Jasni bin Yusoff
Commissioner of Oaths
No. W465

This section has been intentionally left blank.

Additional Compliance Information
Other Information

In compliance with the Listing Requirements of Bursa Securities, the following information is provided:-

1. **Utilisation of Proceeds Raised from Corporate Proposal**

   There were no corporate proposals or exercises carried out during the year financial year, therefore no proceeds were raised for utilization.

2. **Material Contracts Involving Interests of Directors and Major Shareholders**

   There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

3. **Contracts Relating to Loans**

   There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 December 2018.

4. **Recurrent Related Party Transactions**

   There were no Related Party Transactions entered into by the Group during the financial year.

Analysis Of Shareholdings
Other Information

Analysis of Shareholdings as at 28 February 2019

Issued Shares : 3,410,000,000
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

Distribution of Shareholdings

Size of Holdings	No. of holders	%	No. of shares	%
Less than 100	238	4.93	1,458	negligible
100 - 1,000	1,104	22.86	829,329	0.02
1,001 - 10,000	2,296	47.55	10,855,449	0.32
10,001 - 100,000	747	15.47	27,434,681	0.81
100,001 to less than 5% of issued shares	442	9.15	1,122,554,983	32.92
5% and above of issued shares	2	0.04	2,248,324,100	65.93
Total	**4,829**	**100.00**	**3,410,000,000**	**100.00**

Substantial Shareholders

	No. of shares		No. of shares	
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Pembinaan Redzai Sdn Bhd	1,446,461,500	42.42	-	-
South Port Investment Holdings Limited	802,962,600	23.55	-	-
Employees Provident Fund Board	(1) 198,797,500	(1) 5.83	-	-
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	(2) 1,552,100,000	(2) 45.52
Gryss Limited	-	-	(3) 1,446,461,500	(3) 42.42
Gryss (L) Foundation	-	-	(4) 1,446,461,500	(4) 42.42
Pacific Port Investment Holdings Limited	-	-	(5) 802,962,600	(5) 23.55
Wide Ocean Limited	-	-	(6) 802,962,600	(6) 23.55
Hutchison Port Holdings Limited	-	-	(7) 802,962,600	(7) 23.55
CK Hutchison Global Investments Limited	-	-	(7) 802,962,600	(7) 23.55
CK Hutchison Holdings Limited	-	-	(7) 802,962,600	(7) 23.55

Notes:

(1) Include shares held through nominee companies.

(2) Deemed interested in the shares held by Pembinaan Redzai Sdn Bhd in the Company by virtue of his direct interest in Gryss (L) Foundation which has interest in Gryss Limited, which in turn holds shares in Pembinaan Redzai Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(3) Deemed interested in the shares held by Pembinaan Redzai Sdn Bhd in the Company pursuant to Section 8(4) of the Companies Act 2016.

(4) Deemed interested in the shares held by Pembinaan Redzai Sdn Bhd in the Company via Gryss Limited pursuant to Section 8(4) of the Companies Act 2016.

(5) Deemed interested in shares held by South Port Investment Holdings Limited in the Company pursuant to Section 8(4) of the Companies Act 2016.

(6) Deemed interested in shares held by South Port Investment Holdings Limited in the Company by virtue of its subsidiary, Pacific Port Investment Holdings Limited being entitled to exercise not less than 20% of the votes attached to the voting shares in South Port Investment Holdings Limited pursuant to Section 8(4) of the Companies Act 2016.

(7) Deemed interested in shares held by South Port Investment Holdings Limited in the Company, by virtue of its indirect subsidiary, Pacific Port Investment Holdings Limited being entitled to exercise not less than 20% of the votes attached to the voting shares in South Port Investment Holdings Limited pursuant to Section 8(4) of the Companies Act 2016.

Thirty Largest Shareholders

No.	Name	No. of shares	%
1.	Pembinaan Redzai Sdn Berhad	1,445,361,500	42.39
2.	Maybank Securities Nominees (Asing) Sdn Bhd – Pledged Securities Account For South Port Investment Holdings Limited	802,962,600	23.55
3.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	167,125,300	4.90
4.	Kumpulan Wang Persaraan (Diperbadankan)	115,476,800	3.39
5.	Semakin Ajaib Sdn Bhd	99,438,500	2.92
6.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	74,710,043	2.19
7.	Amanahraya Trustees Berhad – Amanah Saham Malaysia	44,116,800	1.29
8.	Amanahraya Trustees Berhad – Amanah Saham Malaysia 2 – Wawasan	33,000,000	0.97
9.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	30,000,000	0.88
10.	Cartaban Nominees (Asing) Sdn Bhd – Exempt AN For State Street Bank & Trust Company (West CLT OD67)	29,320,400	0.86
11.	Permodalan Nasional Berhad	27,259,100	0.80
12.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Stichting Depositary APG Emerging Markets Equity Pool	26,794,600	0.79
13.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (Nomura)	20,222,300	0.59
14.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Vanguard Emerging Markets Stock Index Fund	18,209,801	0.53
15.	Amanahraya Trustees Berhad – Amanah Saham Malaysia 3	16,746,600	0.49

Thirty Largest Shareholders (continued)

No.	Name	No. of shares	%
16.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Vanguard Total International Stock Index Fund	15,614,623	0.46
17.	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	14,936,900	0.44
18.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 3 – Didik	13,969,560	0.41
19.	Amanahraya Trustees Berhad – Public Islamic Select Enterprises Fund	13,162,300	0.39
20.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Forsta AP – Fonden	10,576,584	0.31
21.	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited For Government Of Singapore (C)	10,216,000	0.30
22.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN For AIA Bhd	9,890,200	0.29
23.	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB For Prulink Equity Fund	8,621,200	0.25
24.	Hong Leong Assurance Berhad – As Beneficial Owner (Life Par)	8,176,000	0.24
25.	Citigroup Nominees (Asing) Sdn Bhd – Exempt AN For Citibank New York (Norges Bank 9)	7,999,500	0.23
26.	Amanahraya Trustees Berhad – Public Islamic Equity Fund	7,384,200	0.22
27.	Citigroup Nominees (Asing) Sdn Bhd – CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,865,600	0.20
28.	Amanahraya Trustees Berhad – ASN Imbang (Mixed Asset Balanced) 1	6,200,800	0.18
29.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB For Semakin Ajaib Sdn Bhd (PB)	6,200,000	0.18
30.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For MSCI Equity Index Fund B – Malaysia	5,775,400	0.17
		3,096,333,211	**90.80**

Analysis Of Shareholdings

Other Information

Directors' Shareholdings

Name of Directors	No. of shares held Direct	%	No. of shares held Indirect	%
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	(1) 1,552,100,000	45.52
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	100,000	negligible	-	-
Tan Sri Ismail bin Adam	-	-	-	-
Ip Sing Chi	-	-	-	-
Ruth Sin Ling Tsim	-	-	-	-
Dato' Yusli bin Mohamed Yusoff	-	-	-	-
Chan Soo Chee	50,000	negligible	-	-
Datuk Ruben Emir Gnanalingam bin Abdullah	-	-	(2) 105,638,500	3.10
Chan Chu Wei	920,000	0.03	-	-
Kim, Young So	-	-	-	-
Shanthi Kandiah	-	-	-	-
John Stephen Ashworth (Alternate Director to Ip Sing Chi)	-	-	-	-
Andy Wing Kit Tsoi (Alternate Director to Ruth Sin Ling Tsim)	-	-	-	-

Notes:

(1) Deemed interested in the shares held by Pembinaan Redzai Sdn Bhd in the Company by virtue of his direct interest in Gryss (L) Foundation which has interest in Gryss Limited, which in turn holds shares in Pembinaan Redzai Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(2) Deemed interested in shares held by Semakin Ajaib Sdn Bhd in the Company pursuant to Section 8(4) of the Companies Act, 2016.

List Of Concession Assets

Other Information

Location	Description & Current Use	Ages of Buildings (Years)	Berth length (m)/ Built up area ('000m^2)	Date of Construction	Tenure (Years)	Net Book Value 2018 RM'000
CT1:						
Wharf and Yard	Wharf and yard for berthing and storing containers	21	600m & 91.2 m_2	1997	57	37,623
Building	Container Gate, Marshalling Building, Storage Facilities and M&R workshop	22	6.1 m_2	1996	50	4,891
CT2:						
Wharf and Yard	Wharf and yard for berthing and storing containers	21 & 18	600m & 150.0m_2	1997 & 2000	57 & 53	34,831
Building	Storage Facilities	19	2.7 m_2	1999	50	2,346
CT3:						
Wharf and Yard	Wharf and yard for berthing and storing containers	17	600m & 131.4m_2	2001	52	87,829
Building	Storage Facilities	15	38.3m_2	2003	50	5,665
CT4:						
Wharf and Yard	Wharf and yard for berthing and storing containers	13	600m & 137.6m_2	2005	48	123,505
Building	Admin building and M&R workshop	11	19.2m_2	2007	46	11,766
CT5:						
Wharf and Yard	Wharf and yard for berthing and storing containers	10	600m & 137.6m_2	2008	45	184,616
CT6:						
Wharf and Yard	Wharf and yard for berthing and storing containers	7 & 6	600m & 180.3m_2	2011 & 2012	42 & 43	257,344
CT7:						
Wharf and Yard	Wharf and yard for berthing and storing containers	5 & 4	600m & 175.8m_2	2013 & 2014	41 & 40	297,002
Building	Container Gate, Marshaling Centre, M&R workshop	3	127.1m_2	2016	38	76,705
CT8:						
Wharf and Yard	Wharf and yard for berthing and storing containers	3	600m 263.1m_2	2016	38	285,656
CT9:						
Wharf and Yard	Wharf and yard for berthing and storing containers	2	600m 100.1m_2	2017	37	289,408

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("**26th AGM**") of WESTPORTS HOLDINGS BERHAD will be held and convened at Auditorium, Level 1, Westports Tower, Jalan Pelabuhan Barat, Pulau Indah, 42009 Port Klang, Selangor Darul Ehsan on Thursday, 25 April 2019 at 2.00 p.m. for the following purposes:-

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note 1**
2.	To approve the aggregate Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd of an amount not exceeding RM3,000,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.	**Ordinary Resolution 1 Please refer to Explanatory Note 2**
3.	To re-elect the following Directors who are retiring pursuant to Clause 115 of the Constitution of the Company:-	
	(i) Ms. Chan Chu Wei	**Ordinary Resolution 2**
	(ii) Mr. Ip Sing Chi	**Ordinary Resolution 3**
	(iii) Tan Sri Ismail bin Adam	**Ordinary Resolution 4**
	(iv) Mr. Kim, Young So	**Ordinary Resolution 5**
4.	To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**

As Special Business

To consider and, if thought fit, to pass the following resolution:-

5.	**Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016**	
	"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."	**Ordinary Resolution 7 Please refer to Explanatory Note 3**
6.	To transact any other business for which due notice shall have been given.	

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
Date: 26 March 2019

NOTES:-

1. A proxy may but need not be a member.
2. To be valid, this form, duly completed must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 April 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES

1. **To receive the Audited Financial Statements**

   The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with Section 340(1)(a) of the Companies Act 2016 ("the Act") and do not require shareholders' approval. Hence, this Agenda will not be put forward for voting.

2. **Directors' Fees and Benefits Payable**

   The amount of Directors' fees payable includes fees payable to Directors as members of Board and Board Committees. The amount of Directors' benefits payable to Directors comprise meeting allowances from this AGM until the conclusion of the next AGM of the company to be held by June 2020 (14 Months) pursuant to the Act which shareholders' approval will be sought at this 26th AGM in accordance with Section 230 of the Act.

3. **Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Act**

   The Ordinary Resolution 7 proposed under item 5 of this Agenda seeks the shareholders' approval for a general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed will empower the Company's Directors to allot and issue up to a maximum of 10% of the Company's total number of issued shares at the time of issue (other than bonus or rights issue) for such purposes as the Directors consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority will unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

   This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding investment project(s), working capital and/or acquisition(s). At this juncture, there is no decision to issue new shares. Should there be any decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

   The Directors of the Company did not allot, or issue ordinary shares pursuant to the authority given by its shareholders at the previous AGM.

4. **Voting Procedures**

   Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 26th AGM will be conducted by poll. Poll Administrator and Scrutineer will be appointed to conduct the polling process and to verify the results.

5. **Annual Report 2018**

   A copy of the Annual Report 2018, Sustainability Report 2018 and CSR Report 2018 are available on the Company's website at www.westportsholdings.com. Shareholders of the Company may request for the printed copy of the Annual Report 2018 via WhatsApp to the mobile number +6 019 211 8513 or via weblink at http://ir.chartnexus.com/westportsholdings/reports.php, and must provide all the required details i.e. email address, full name, NRIC/Company No., CDS account no., full mailing address and mobile number. A copy of the Annual Report 2018 would be sent to the shareholders upon request within four (4) working days.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Form of Proxy

WESTPORTS HOLDINGS BERHAD
(Company No. 262761-A)
(Incorporated In Malaysia)

CDS Account	
No. of Shares held	

I/We, ……… (Full name in block letters),

NRIC No./Passport No./Company No. ………………………………………………………….. of ……………………………………………………………………

…….... (Full Address)

and telephone no./email address …………………………………………………………………….................................... being a member/members of **Westports Holdings Berhad** (“**the Company**”)

hereby appoint ………………………………………………………………………………………………..…… NRIC No. /Passport No. ……………………………………..………………..

of …….………… or failing *him/her ………………………………………..……………………….

……… NRIC No. /Passport No. ……………………………………………………………..

of …….………… or failing him/her, *THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Auditorium, Level 1, Westports Tower, Jalan Pelabuhan Barat, Pulau Indah, 42009 Port Klang, Selangor Darul Ehsan on Thursday, 25 April 2019 at 2.00 p.m. and at any adjournment thereof.

*I/We indicate with an “x” in the spaces below how *I/We wish *my/our vote to be cast

	RESOLUTIONS		For	Against
1.	To approve the aggregate Directors’ fees and benefits payable to the Non-Executive Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd of an amount not exceeding RM3,000,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.	Ordinary Resolution 1		
2.	Re-election of Ms. Chan Chu Wei as Director.	Ordinary Resolution 2		
3.	Re-election of Mr. Ip Sing Chi as Director.	Ordinary Resolution 3		
4.	Re-election of Tan Sri Ismail bin Adam as Director.	Ordinary Resolution 4		
5.	Re-election of Mr. Kim, Young So as Director.	Ordinary Resolution 5		
6.	Re-appointment of Deloitte PLT as Auditors of the Company.	Ordinary Resolution 6		
7.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 7		

Subject to the abovestated voting instructions, my/our proxy/proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:-

First Proxy	%
Second Proxy	%
	100%

WESTPORTS
PROVEN. TRUSTED. FRIENDLY.

If appointment of proxy is under hand …..………………………………………….. Signed by *individual member/*officer or attorney of member/*authorised nominee of …………………………….. ……….. (beneficial owner)	No. of shares held: ………………………………………………………….... Securities Account No.: …………..…………………………………….…… (CDS Account No.) (Compulsory) Date :
If appointment of proxy is under seal The Common Seal of ……………………………………………….……………….……………………….………. was hereto affixed in accordance with its Constitution in the presence of:- ……………………………….………….. ……………………………….………….. Director Director/Secretary in its capacity as *member/*attorney of member/*authorised nominee of …….………….....…………………………. ……….. (beneficial owner)	Seal No. of shares held: ………………………………………………………….... Securities Account No.: …………..…………………………………….…… (CDS Account No.) (Compulsory) Date :

Signed this …………………... day of ………………………………, 2019.

* *Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.*

NOTES:

1. A proxy may but need not be a member.
2. To be valid, this form, duly completed must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 April 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2019.

Please fold here to seal

STAMP

Westports Holdings Berhad (262761-A)
c/o Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301, Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

www.westportsholdings.com

Westports Holdings Berhad (262761-A)
P.O. Box 266, Pulau Indah,
42009 Port Klang,
Selangor Darul Ehsan, Malaysia.

Tel : +603-3169 4000
Fax : +603-3169 4119