WESTPORTS
PROVEN. TRUSTED. FRIENDLY.

Annual Report 2019

About The Annual Report

Westports Holdings Berhad ("Westports" or "Company") is moving towards Integrated Annual Report with the current issue in 2019 after incorporating elements from the Integrated Report framework in the previous year. We have selected disclosure of material information to provide a holistic perspective of our Company. Most key parameters disclosed in the previous year have also been presented in this year's report for consistency and comparability. The Annual Report 2019 now adds the disclosure of the Company's strategic objectives on how we create value for all our stakeholders.

Westports has also published Sustainability Report 2019. SIRIM QAS International has provided their independent verification on our fourth sustainability report. The Company continues to highlight the Corporate Social Responsibility ("CSR") activities as we published our Westports CSR Report 2019. We shared our activities and contribution especially to the communities at Pulau Indah, where our port is situated.

The Annual Report 2019, Sustainability Report 2019, Westports CSR Report 2019 and also the Corporate Governance Report 2019 can be downloaded from www.westportsholdings.com.

The first three reports are all formatted in the horizontal layout for the ease of electronic reading. Westports refrained from printing (offset lithography) the Annual Report in 2018 and eschewed such printing method since 2016 for the Sustainability Report. For 2019, we seek to continue to minimise the ecological footprint arising from the printing of these reports.

Electronic reading would reduce the carbon emissions associated with the printing and delivery of these reports 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.

If our reader still requires a hard copy, we have produced this publication in a high-resolution file format to facilitate reproduction using a photocopier. We kept the minimalist design to reduce ink usage when printing is needed.

Westports shareholders that wish for a printed copy of the Annual Report 2019 should submit their request online at http://www.westportsholdings.com/. Westports is collaborating with South Pole https://www.southpole.com/ whereby a requester is strongly encouraged to offset the carbon emissions arising from the production and delivery of the report to their doorsteps.

South Pole is a global sustainability solutions provider that works with businesses and governments across the globe to help realize decarbonization across industries, based on a thorough understanding of climate risks and opportunities in specific sectors, as well as the highest emission reduction standards. South Pole has set up a minimal carbon offset of 1 tCO_2e for Westports for each shareholder requesting a hard copy of the report.

The cover picture of the broad view of Westports as the Company celebrated its 25th anniversary as the fastest growing terminal in Malaysia.

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Group Performance
Highlights

For the Financial Year Ended 31 December	2019	2018	2017	2016	2015
Financials					
Revenue (RM'000)	1,782,890	1,614,694	2,088,608	2,035,015	1,681,783
Profit before tax (RM'000)	773,809	701,217	676,882	754,819	650,143
Profit after tax (RM'000)	590,896	533,474	651,511	636,981	504,864
Shareholders' equity (RM'000)	2,560,295	2,415,086	^2,336,847	^2,131,091	1,898,121
Total assets (RM'000)	5,132,206	5,087,420	^5,146,145	^4,411,243	4,029,555
Per Share And Ratios					
Earnings per share (sen)	17.3	15.6	19.1	18.7	14.8
Dividend per share (sen)	13.0	11.7	14.3	14.0	11.1
Dividend payout ratio (%)	75.0%	75.0%	75.0%	75.0%	75.0%
Return on equity (%)	23.1%	22.1%	^27.9%	^29.9%	26.6%
Return on total assets (%)	11.5%	10.5%	^12.7%	^14.4%	12.5%
Operations					
Container throughput (million TEUs)	10.9	9.5	9.0	9.9	9.1
Container handling capacity (million TEUs)	13.9	14.0	13.0	12.0	11.0
Westports market share of Port Klang	80%	77%	75%	76%	76%
Conventional throughput (million MT)	9.9	10.7	10.9	11.8	10.2
Number of vessels accommodated	8,997	8,550	8,502	9,627	9,362
Sustainability					
Diesel consumption (million litres)	49.8	46.1	44.0	44.9	41.8
Electricity consumption (million kWh)	101.3	97.0	90.7	94.6	84.2
Water consumption (million m^3)	1.01	1.30	1.34	1.60	1.44
Direct GHG emissions, Scope 1 (tonnes)	131,485	121,878	116,416	118,814	110,500
Indirect GHG emissions, Scope 2 (tonnes)	59,277	^56,752	^53,071	70,125	62,392

^Restated

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

In RM'000	2019	2018	2017	2016	2015
VALUE ADDED:					
Revenue	1,782,890	1,614,694	2,088,608	2,035,015	1,681,783
Less: Construction revenue	0	0	(372,727)	(230,679)	(103,485)
Operational revenue	1,782,890	1,614,694	1,715,881	1,804,336	1,578,298
Purchase of goods and services	(421,837)	(370,623)	(557,173)	(584,040)	(489,738)
Total value added available for distribution	**1,361,053**	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**
DISTRIBUTION:					
To employees					
- salaries and other staff costs	256,290	246,490	228,215	233,228	219,507
To government					
- income tax	182,913	167,743	25,371	117,838	145,279
To provider of capital					
- dividends	445,687	455,235	445,755	446,028	391,127
- finance costs (net)	74,955	81,075	67,779	64,165	63,730
Retained for future reinvestment and growth					
- depreciation and amortisation	255,998	215,289	185,832	168,084	155,180
- retained profits	145,210	78,239	205,756	190,953	113,737
Total distributed	**1,361,053**	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**
RECONCILIATION:					
Profit for the year	590,896	533,474	651,511	636,981	504,864
Add: Depreciation and amortisation	255,998	215,289	185,832	168,084	155,180
Finance costs (net)	74,955	81,075	67,779	64,165	63,730
Staff costs	256,290	246,490	228,215	233,228	219,507
Income tax	182,913	167,743	25,371	117,838	145,279
Total value added	**1,361,053**	**1,244,071**	**1,158,708**	**1,220,296**	**1,088,560**

Value added is a measure of wealth created. The above Statement shows the Group's value added for 2019 and the prior years and its distribution by way of payments to employees, government and capital providers with the balance being retained in the Group for future reinvestment and growth.

Westports achieved a record-breaking productivity level on its 25th anniversary year by moving 801 containers in one hour with 12 Ship-To-Shore Cranes

Our Value Creation Model

Perspective

External Environment

Container capacity still outstripped demand despite void sailings with deliveries of large container vessels. 2019 marked the third year of operations for Ocean Alliance. Global economic growth moderated during the year

Industry Outlook

Global container port throughput initially was projected to grow by 3% in 2020 with South East Asia at a faster rate due to its economic and investment activities. The Covid-19 outbreak has now reduced forecast visibility

☺ Stakeholders
Who is affected

External, industry-related
- Container shipping lines and cargo vessel operators and companies
- NVOCCs+
- Logistics-forwarding companies

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

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

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

Financial contributors
- Shareholders, investors
- Sukuk IMTN subscribers-holders
- Investment banks, sustainability and debt rating agencies

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

+ NVOCCs are Non Vessel Owning Common Carriers

▼ Input
when we deploy resources

Financial Capital
- Shareholders' equity and retained earnings of the Company
- SMTN 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
- An innovative culture and mindset

Human Capital
- The cohesive and responsible teamwork of Westportians
- 355,342 training hours in 2019
- New staff recruitment

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

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

≈ 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

STRATEGIC OBJECTIVES
- We provide best-in-class services to our clients by achieving high productivity levels in handling containers and conventional cargoes
- We facilitate trade and development of the nation by expanding facilities at Westports to meet the growing requirements
- We fulfil our responsibilities by ensuring that we meet internal and external stakeholders' requirements

We fulfil the vision and mission and execute the strategic objectives by focussing on 4 business segments

▲ Output
to generate results

Financial Capital
- Operational revenue of RM1.78 billion from 4 business segments
- Profit for the year of RM591 million
- CY paid dividends RM446 million

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

Intellectual Capital
- Accommodated 8,997 container, RORO and cargo vessels in 2019
- Total of 2.4 million transactions at the two container gates

Human Capital
- Total employees cost of RM256 million for salaries and staff costs
- More than 450 groups, mostly stakeholders, visited Westports

Social Relationship Capital
- Total CSR investments for the year amounted to RM2.8 million
- Total income tax to Government of RM183 million for 2019

Natural Capital
- CO_2e emissions Scope 1 and 2 of 190,762 tonnes for the year
- Indirect GHG emissions under Scope 3 of 9,948 tonnes

= Outcome
that benefit our stakeholders

Financial Capital
- Continued financial viability and strength of Westports
- Favourable $AA+_{IS}$ rating by MARC
- Net gearing ratio of below 0.3x

Manufactured Capital
- Fulfilling exporters and importers' containerised cargo requirements
- Accommodating the largest and also feeder container vessels

Intellectual Capital
- Terminal-wide integrated planning and execution
- IT-supported. Achieving global standards for terminal operations

Human Capital
- Largest employer at Pulau Indah
- Largely in-house nurtured and trained workforce with continuous scope for capability improvement

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

Natural Capital
- Improvement, 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. Highest market capitalization, and also representative of the transport and logistics sector in Malaysia

The key gateway terminal supporting Malaysia and especially Klang Valley's vibrant economy. Westports is also a regional transhipment hub, especially for South East Asia

The busiest container terminal in Malaysia. Westports also facilitates operations of Regional Distribution Centre and Transhipment Staging Post for MNCs and commodities

Enhanced and improved human capabilities for effective, productive capacity especially for the transport and logistics industry and broadly also for the job market in Malaysia

Notable 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 minimising our carbon emission intensity with greater utilisation of energy-efficient equipment

Operational Performance

Container throughput improved by 14% to 10.9 million TEUs and 63% of containers handled are for countries within Intra-Asia. The Conventional segment handled 9.9 million metric tonnes of bulk cargo in 2019

Risks Management

Competition and liners' port of call can change volume. Mitigated by productivity, client-engagement. Westports expansion risks mitigated by detailed studies, evaluation of financial, commercial-legal, operational parameters

Executive Chairman's Message
Perspective

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 2019.

2019 has been a momentous year as Westports celebrated its 25th anniversary as the fastest growing terminal. Our Company transformed Port Klang into the 12th busiest port globally and the 9th best-connected port in the world. In 25 years, Westports has handled more than 114 million Twenty-foot Equivalent Unit ("TEUs") of container throughput and 200 million tonnes of conventional and bulk cargo.

Westports celebrated its 25th anniversary as the fastest growing terminal in Malaysia

Macroeconomic review

The global economy experienced more headwinds as Gross Domestic Product (GDP) growth eased to 3% in 2019. However, Emerging Asia continued to achieve a higher level of economic activities, despite more moderate growth in China, due to reduced growth dependence on Western economies, greater intra-emerging markets investments and regional-domestic demand.

Meanwhile, Malaysia's GDP expanded at a slightly more moderate pace of between 4% and 5% in 2019 with continued encouraging growth in private consumption whereas the Government remained committed to fiscal consolidation.

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. In 2019, the studies, such as topography and bathymetric survey, hydrodynamic modelling and terminal extension layout, have been completed with favourable outcomes. The preliminary Environmental Impact Assessment (EIA) has also been completed, and we have obtained approval from our local port authority to proceed to the next phase of the preparation. In 2020, Westports would be working with external financial advisers and also negotiating with authorities on the commercial aspects of the proposed expansion.

Approval-In-Principle to expand our facilities. Proceeding to the next preparatory phase

The favourable container volume growth in the recent two years necessitated investments in additional terminal operating equipment. The Company is acquiring additional Terminal Operating Equipment that would be deployed primarily at Container Terminal 9. The additional equipment and the eventual completion of Container Yard Zone Z would enhance the container terminal's overall efficiency and storage capacity.

Dividends

Since Westports became a public listed company in 2013, we have practised a dividend payout of 75% on the reported profit after tax. For the financial year ended 31 December 2019, the Company has paid two interim dividends amounting to RM443 million. The distribution of dividend takes into consideration, among others, the projected levels of capital expenditure, future investment plans and working capital requirements.

For the financial year 2019, paid a total dividend amounting to RM443 million

Awards

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

In 2019, we received the recognition for being the 'Top 100 Asia's Best Employer Brands' and 'Malaysia Best Employer Brand Awards' by the Employer Branding Institute.

Our commitment

We recognised the risks posed by global climate change, such as severe weather events, and its probable detrimental impact on society. Westports has made a long-term commitment to reduce our carbon emission intensity in the coming years, when operationally and financially possible, as we focus on using more energy-efficient equipment.

Long-term commitment to reduce our carbon emission intensity in the coming years

Acknowledgement

As we celebrate our 25th anniversary and also record container volume in 2019, the Company would like to express our utmost gratitude and appreciation to all Westportians for their resolute dedication and teamwork in building and transforming Westports into the busiest and highest-performing terminal in the country. We also express our sincere gratitude to all our customers, business partners, government agencies, shareholders and other external stakeholders for your continuous support and invaluable contributions to Westports.

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

Tan Sri Datuk G. Gnanalingam
Executive Chairman

Review of results

Westports handled a record 10.9 million TEUs in 2019, which is a growth rate of 14% over the previous year's volume of 9.5 million TEUs. The volume achieved makes Westports as the first and only port in Malaysia that handles more than 10 million TEUs of container throughput in a year. The container growth percentage attained also exceeded our guidance provided at the beginning of the year of a 'high single-digit percentage growth rate'.

The strong container volume growth is due to much higher throughput destined for countries and regions within Intra-Asia; they constituted 63% of Westports total volume. Our transhipment volume increased by 16% to 7.2 million TEUs on natural organic growth and further bolstered by additional regional and long-haul services. Gateway containers grew at a very respectable but more moderate rate of 10% to 3.6 million TEUs after having established a much bigger volume base and high growth rate in the previous year.

Financially, at the top-line, Westports' operational revenue increased to RM1.78 billion, mainly due to growth at the container segment. At the bottom-line, profit after tax grew significantly by 11% to RM591 million despite the need to write-off some assets. A berthing vessel damaged two of our Ship-to-Shore cranes and one berth in November 2019 and the Company's financial period ended before Westports can receive compensation from the insurance companies. The Company now expects to record insurance recoveries in our accounts on those assets in the coming financial periods or years when we receive compensation from the insurance firms.

External Operating Environment

The most critical aspect of the Company's external environment is the container shipping industry as Westports derives most of its revenue from container operations. 2019 marked the third year of operations for the two mega alliances, Ocean Alliance and THE Alliance. With 2M combined, the three alliances accounted for a significant majority of the world's total container shipping capacity. Hyundai Merchant Marine, previously aligned with 2M, will join THE Alliance in April 2020.

Despite growing industry concentration in recent years, the lacklustre profitability of many liners indicates that competition has remained intense. Container liners basically have opted to either remained focused on their core shipping business or diversify vertically into logistics business to enhance their business sustainability.

2019 saw continued delivery of Ultra-Large Container Vessels (ULCV) with carrying capacity of more than 23,000 TEUs, all being deployed on the Asia-Europe trade lane. As capacity growth remained ample but container shipping demand being slightly affected by ongoing trade skirmishes between two major trading nations, container freight rates fluctuated lower despite selective void sailings. The need to comply with the International Maritime Organization's stricter sulphur bunker regulation in 2020 also added cost pressure to liners in 2019 as some chose to install a scrubber system on their vessels.

The continued deployment of new ULCV reinforced the need for transhipment hubs, which Westports is poised to capitalise on, as these vessels can only berth at three ports in the South East Asia region. A port needs to have deep water draft, long linear berths and super-post-Panamax Ship-to-Shore cranes to service these ULCV.

Strategic Objectives

- We provide best-in-class services to our clients by achieving high productivity levels in handling containers and conventional cargoes.
- We facilitate trade and development of the nation by expanding facilities at Westports to meet growing requirements.
- We fulfil our responsibilities by ensuring that we cater to internal and external stakeholders' requirements.

We fulfil our vision, achieve our mission and execute the strategic objectives by focussing on four business segments; i.e. Container, Conventional, Marine and Rental.

Strategic Targets For 2020

To our clients
- Being flexible to accommodate our clients' requirements due to dynamic market conditions

To our nation
- Enhance Westports' container yard capacity with the additional Yard Zone Z at Container Terminal 9
- Attain prudent progress towards meeting regulatory and stakeholders' approval for the expansion of Westports container terminal facilities at Pulau Indah

Outlook

There are much more headwinds in 2020. The greater unpredictability inevitably renders forecasting more challenging. The Covid-19 outbreak is expected to adversely affect economic growth and weigh down the already slowing global economic growth. The trade skirmishes between nations last year introduced friction and heightened protectionist tendencies, but they attained some resolutions. Nevertheless, global organisations inexorably sought to mitigate business risks by diversifying their supply chain and broadening their manufacturing base. South-East Asia has indirectly benefited from some of this shift, and it augurs well for Westports growth in the medium term.

The region's container throughput growth generally has outpaced the global moderate expansion rate, and this trend is expected to prevail. South-East Asia's competitiveness has continued to attract investments. The region's broad demographic and economic development base are also transforming the area into a diverse zone for future consumption growth.

However, in the immediate near-term, in the face of global economic headwinds, a much broader volume base after Westports' strong growth in the previous year and mostly indirect impact from the Covid-19 outbreak, there is less visibility on the overall volume outlook. Westports expects market conditions to be challenging in the year ahead.

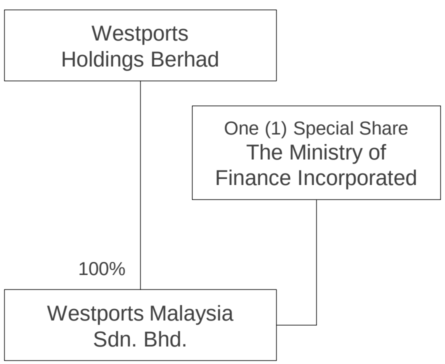
Datuk Ruben Emir Gnanalingam
Group Managing Director

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)

Shanthi 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)

Shanthi Kandiah
(Member)

Company Secretaries
Tai Yit Chan
(MAICSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning
(MAICSA 7015852)
(SSM PC No. 202008000067)

Registrar
Boardroom Share Registrars Sdn. Bhd.
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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

Board Of Directors

Our Company

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

Shanthi Kandiah
Independent
Non-Executive Director

John Stephen Ashworth
Alternate Director to
Ip Sing Chi,
Non-Independent
Non-Executive Director

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

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
Executive Chairman
Age 75, Male, Malaysian

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 of Pembinaan Redzai Sdn Bhd. He is a major shareholder of the Company through his indirect interest in Pembinaan Redzai Sdn Bhd. He is also a Director of Westports Foundation.

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

He attended three out of four Board Meetings held during the financial year.

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Senior Independent Non-Executive Director
Age 77, 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, port management 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 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 69, 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 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 and Independent Non-Executive Director of BIMB Holdings Berhad from September 2011 until his retirement in January 2020.

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 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 66, 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 41 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 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 all four Board Meetings held during the financial year.

Ruth Sin Ling Tsim
Non-Independent Non-Executive Director
Age 63, 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. 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.

Profile Of Directors

Dato' Yusli bin Mohamed Yusoff
Independent Non-Executive Director
Age 61, 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 board of AirAsia X Berhad. He also serves as an Independent Non-Executive Deputy Chairman on the board of FGV Holdings Berhad and as an Independent Non-Executive Chairman on the boards of Mudajaya Group Berhad and KPJ Healthcare Berhad respectively. He also sits on the boards of Dato' HM Shah Foundation, Australasia Resources & Minerals Berhad and Malaysian Institute of Corporate Governance.

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 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 64, 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 WMSB, a wholly-owned 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 any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

Chan Chu Wei
Non-Independent Non-Executive Director
Age 66, 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.

Datuk Ruben Emir Gnanalingam bin Abdullah
Group Managing Director
Age 43, Male, Malaysian

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 the Company on 1 January 2018.

Datuk Ruben is the Owner and Vice-Chairman of Queens Park Rangers Football Club, which participates in the English Football League (EFL). He is also a co-founder and Board Member of the Los Angeles Football Club (LAFC) which is a member of the US Major League Soccer (MLS). He also founded and co-owns the KL Dragons, which participates in the ASEAN Basketball League (ABL). Datuk Ruben serves as a Vice President of the Malaysian Basketball Association (MABA) and sits on the Board of the Asian Basketball League and also a member of the NBA Asia Advisory Board. He also serves as an Executive Council Member of the Football Association of Selangor.

He has been appointed as Director of Bintang Capital Partners Berhad and Westports Foundation on 1 October 2018 and 5 September 2019 respectively.

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 a Member of the APEC Business Advisory Council (ABAC). From a charitable perspective, he also serves as the Chairman of the QPR Community Trust.

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.

Kim, Young So
Independent Non-Executive Director
Age 57, 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 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 50, 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 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 56, Male, Chinese

Mr. John Stephen Ashworth was appointed as Alternate Director to Mr. 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 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 Ms. Ruth Sin Ling Tsim in WMSB, a wholly-owned 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 53, 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.

None of the Directors have been:
(i) Convicted of any offence (other than traffic offence, if any) within the past five years; and
(ii) Imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile Of Management Team

Our Company

Lee Mun Tat
Chief Executive Officer/Acting Chief Financial Officer
Age 48, Male, Malaysian

Mr. Lee Mun Tat, Chief Executive Officer of WMSB, is primarily responsible for Terminal Planning, Container Operations, Commercial, Finance, Marketing and Engineering of WMSB. He was also appointed as the Acting Chief Financial Officer on 1 January 2020.

Prior to his current roles, 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 Practising 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 43, 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, grow regional feeder services, encourage logistics businesses to use the terminal more, and lead customer services initiatives. He is also responsible for the Customer Service IT team, which focusses on improving customers experience using the E-Terminal Plus customer portal. The conventional operations report to him as well.

He has 19 years of experience and in-depth terminal operations knowledge. Having served under a few Port Klang Authority (“PKA”) 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 the Harvard Business School, Boston, USA, in 2004. He was awarded the ‘Port / Terminal Professional of The Year 2019’ by Global Ports Forum for his contributions to the ports and terminals industry. He represents the Company in the Port Consultative Committee under the purview of the PKA. He is also in the Steering Committee of the Port Klang Operations Task Force, which is chaired by the PKA.

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 47, 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 20 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 did his Major in Operation Management and Minor in Economics.

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
Information Technology
Age 45, 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 the overall Information Technology department for Westports.

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. He is involved in the successful implementation of new Terminal Operating System, development of internal software development and establishing IT support besides introducing new innovations involving digitalisation and automation for Container department. 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.

Profile Of Management Team

Our Company

Ahmad Damanhury bin Ibrahim
Head of Engineering
Age 52, 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.

Khoo Theng Fei
Assistant General Manager
Finance
Age 35, 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. She is also a qualified Chartered Accountant from Malaysia Institute of Accountants and a member of the Association of Chartered Certified Accountants (ACCA). 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 more than 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 49, 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. Some of the key seminars or courses that he has attended in recent years are Lean Management, Mind Valley Talk, Oracle's System Integration and KPI and Creation of Objectives for Organization.

He started his career as a Marine Surveyor in SGS Malaysia. To date, Mr. G.Ravindran has 25 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.

Nadarajan A/L Krishnan
Head of Planning Department
Age 43, Male, Malaysian

Mr. Nadarajan A/L Krishnan joined the Westports Group in November 1999. He had started his career as a Traffic Executive and was transferred to container operation as a shift Operation Executive. He subsequently moved to the Planning Department as a Yard Planning Executive. In 2005, he was promoted as the Operation Planning Manager. In 2011, he was assigned to the Yard Planning Section as a Head of Yard Planning section. Currently, he is heading the Planning Department, and he is responsible for the overall yard planning, berth planning, vessel planning and operations of the container gates. He is also involved in succession planning and competencies development for his team members through coaching and training.

Mr. Nadarajan has 20 years of experience in container operations and yard planning. He holds a Bachelor of Urban Planning and Economy from University Malaya, and started his career as a Town Planner with the Shah Alam Municipal. He has also 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 2015.

Mr. Nadarajan 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.

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 enables and supports value creation along 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 strategy is to create long-term, sufficient capacity and sustainable growth.

All of the Company's borrowings are by its subsidiary, WMSB, and they are denominated in the local currency, Ringgit Malaysia. The borrowings, Sukuk Musharakah Medium Term Note ("SMTN"), has a profit rate of between 4.15% and 5.38% per annum. Beside the SMTN facility, WMSB also has Revolving Credit Facility with a financial institution.

In 2019, the Company adopted Malaysian Financial Reporting Standards (**MFRS**) 16, effective from 1 January 2019 and the following three areas are affected by the accounting requirements: outsourced use of IT hardware and server, outsourced use of tug boats and pilot boats, and lease rental income. The net impact on the Company's Total Profit For The Year is not material.

Financial Capital

Input RM'000	2019	2018	2017
Total Group Equity	2,560,295	2,415,086	2,336,847
LT And ST Borrowings	1,400,000	1,500,000	1,500,000
Cash & Cash Equivalents	695,695	444,051	560,305

Financial Capital

Output RM'000	2019	2018	2017
Total Operational Revenue	1,782,890	1,614,694	1,715,881
Total Profit Before Tax	773,809	701,217	676,882
Total Profit For The Year	590,896	533,474	651,511

Outcome

- Total distribution to employees, government and shareholders of RM885 million in 2019
- Continued financial viability and strength of the Company
- Favourable AA+IS rating by MARC for Westports RM2.0 billion Sukuk Musyarakah Programme
- The net gearing ratio of below 0.3x

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

Since Westports became a public listed company in 2013, the Company has invested RM3.3 billion in container terminal expansion and other major infrastructure improvements. Westports 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 Company has transformed Port Klang into the 12th busiest port globally and the 9th best-connected port in the world.

The growth of Westports has enabled the Company to facilitate Malaysia, the region's economic development, and also broadly containerised trade growth. In the near term, the Company is investing in deploying additional terminal handling equipment at Container Terminal 9 to support the recent strong growth.

For the medium to longer-term, Westports is planning for a significant expansion at Pulau Indah that would cater to the development from Container Terminal 10 to Container Terminal 17, raising the container terminal handling capacity to 28 million TEUs per annum with an additional 4.8 kilometres of wharves. The external consultants have conducted and completed the technical studies with favourable findings while the local port authority has granted its approval for the next phase of preparation for the proposed development. The expansion would strengthen Westports as one of the main transhipment hubs in South East Asia for international container shipping companies.

Manufactured Capital

Input RM'000	2019	2018	2017
Property, Plant & Equipment	1,656,070	1,776,807	1,828,931
Total Concession Assets	2,357,790	2,429,240	2,389,219
Group Capital Expenditure	80,708	209,807	811,985

Manufactured Capital

Output	2019	2018	2017
Container Handling Capacity (TEUs)	13.9m	14.0m	13.0m
Total Ship-To-Shore Cranes	66 units	67 units	67 units
Container Throughput (TEUs)	10.9m	9.5m	9.0m

Outcome

- The highest container handling capacity in Malaysia, fulfilling exporters and importers requirements as they ship their containerised cargoes
- The first and only port in Malaysia that handles more than 10 million TEU in a year
- 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 also placed continuous innovation and effective project implementation as one of its core tenets. Such an emphasis has facilitated the sustained modernisation of Westports at an unprecedented pace since the inception of the terminal more than two decades ago.

The Company's projects are normally to streamline our processes and enhance operational efficiencies, and undertaken with collaboration between internal and external stakeholders and technical solution providers. The Company replaced four servers and decommissioned five servers as the newer equipment incorporated components with the latest technology, thus providing higher performance while being more energy-efficient.

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

Intellectual Capital

Input	IT Initiatives And Implemented Projects
2019	Westports Mobile App
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	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	2019	2018	2017
Total Movement At Container Gate	2,419,785	2,187,282	1,862,699
Total Vessels Accommodated	8,997	8,550	8,502
Conventional Throughput (MT)	9.9m	10.7m	10.9m

Outcome

- Back-end IT support of global operational standards
- Technologies adaptation and implementation capabilities
- Terminal-wide integrated planning and execution
- 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 foundation to Westports success, operational excellence and long-term sustainable growth. Supported by high levels of competencies and our staffs' unwavering commitment to the Company's mission, these qualities have enabled Westports to be established as the largest container terminal in the country within two decades. Our operating context is industrial and infrastructure in nature. Hence, occupational training and comprehensive policies and procedures are used to guide and safeguard our employees and other stakeholders in and around our premises. The Company emphasises career development, training and on-the-job learning. Staff are encouraged to undertake relevant courses and attend seminars or conferences which would enhance their expertise and skills-set.

Westports practises a flat hierarchy with equal treatment for all employees. 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 based on 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.

Westports celebrated its 25th anniversary in 2019, and the Company gave its employees financial gift, increase in minimum salary, financial incentive, luncheon with prizes from lucky draw, and various competition that offers financial rewards.

Human Capital

Input	2019	2018	2017
Westports Total Workforce	5,042	4,603	4,456
Total Training Hours Of All Staff	355,342	418,868	468,792
Westports Staff Recruitment	1,180	682	895

Human Capital

Output	2019	2018	2017
Total Employees Cost (RM'000)	256,290	246,490	228,215
Total Incidents And Accidents	428	479	414
Westports Staff Resignation	745	718	940

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 the desired organisational culture and values
- Employees received extra financial benefits during the year as part of the 25th-anniversary celebration

Impact

- Enhance and improve human capabilities and an 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).

The Company increased its engagement with various stakeholders such as our regulatory bodies and members of the financial community in 2019 as Westports initiated the process to prepare for the proposed container terminal expansion in the coming years.

Social Relationship Capital

Output RM'000	2019	2018	2017
Total CSR Investments	2,840	2,878	3,897
Income Tax To Government	182,913	167,743	25,371
Total Local Procurement	294,815	333,460	278,082

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

Outcome

- Harmonious, mutually symbiotic and sustaining positive working relationships with all stakeholders
- Support from stakeholders for the continuous operation of Westports
- The early and increased engagement with various stakeholders for Westports' proposed expansion would enable the Company to incorporate and mitigate potential concerns arising from the project

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.

Westports has initiated the process to prepare for the proposed container terminal expansion and has conducted and completed a preliminary Environmental Impact Assessment (EIA) report highlighting implications that could arise from the proposed project. The current proposed terminal layout selected has minimised the overall dredging requirements as compared to the initial proposals.

Natural Capital

Input	2019	2018	2017
Diesel Fuel (million litres)	49.8	46.1	44.0
Electricity (million kWh)	101.3	97.0	90.7
Water Usage (million m^3)	1.01	1.30	1.34

Natural Capital

Output (Tonnes)	2019	2018	2017
CO_2e Emissions Scope 1	131,485	121,878	116,416
CO_2e Emissions Scope 2	59,277	*56,752	*53,071
CO_2e Emissions Scope 3	^9,948	*^6,598	284

^Scope 3 in 2019 (2018) comprises 9,462 (6,340) tonnes of CO_2 arising from employees commuting and 486 (258) tonnes from air travel. The Scope 3 emissions reported in 2017 consisted of emissions from air travel only

*Restated to reflect the updated emission factor

Outcome

- The improvement in emissions intensity (measured by kg/CO2e produced) has reduced the proportionate environmental impact despite the increased in operational volume at the port
- Ongoing initiatives to continuously assess and, when viable, 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	2019	2018	2017
Transhipment Containers	7,230	6,226	6,220
Gateway Containers	3,631	3,298	2,805
Total Container Throughput	10,861	9,524	9,025
Container Terminal Capacity Utilisation	78%	68%	69%

Key Terminal Operating Equipment

Units	2019	2018	2017
Ship-to-Shore Crane	66	67	67
Conventional RTG Crane	115	115	115
Variable Speed / Hybrid RTG Crane	70	70	70
Terminal Tractors	526	527	524

Energy Consumption

	2019	2018	2017
Diesel (million litres)	49.8	46.1	44.0
Efficiency (litres/TEUs)	3.32	3.51	3.48
Electricity (million kWh)	101.3	97.0	90.7
Efficiency (kWh/TEUs)	9.3	10.2	10.1

Conventional Throughput

million tonnes	2019	2018	2017
Dry Bulk	4.0	4.1	4.8
Liquid Bulk	4.6	4.8	4.1
Break Bulk	1.3	1.7	1.7
Cement	0.0	0.1	0.3
Total Bulk Cargo Throughput	9.9	10.7	10.9
RORO ('000 units)	135	156	138

Westports handled a record container throughput of 10.9 million TEUs in 2019. The increased volume of 14% over the previous year outpaced the industry's average as both transhipment and gateway containers contributed to the strong growth.

Gateway volume increased by 10% to 3.6 million TEUs as our container terminal supported and reflected favourable domestic economic activities and export-oriented sectors.

Transhipment volume grew by 16% to 7.2 million TEUs as Westports capitalize on its strategic location as one of the main transhipment hubs in South East Asia for international container shipping alliances and regional liners. The Company's container volume increased strongly despite broader industry concerns arising from the ongoing trade tariff between China and the USA.

The container volume mix shifted marginally as Westports handled proportionately more transhipment containers at 67% as compared to the previous year of 65%.

In 2019, Intra-Asia remained as the most significant trade lane as container volume here increased by 17% to 6.9 million TEUs, and they constituted 63% of Westports total container volume handled. These containers were loaded 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 17% and 8% of Westports total container volume respectively.

During the third year of Ocean Alliance's operations and also along with the industry's trend towards deploying larger vessels, Westports accommodated more larger vessels as ships with Length Overall (LOA) of more than 250 meters constituted 37% of all vessels that berthed at the Company's terminals.

The total number of container vessels calling at Westports increased by 9% in 2019 whereas the total container volume handled increased at a faster rate by 14% due to the gradual deployment of larger vessels that can carry more container boxes.

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 has enabled our terminal to support our clients' plans of deploying larger vessels.

Westports completed the latest Container Terminal 9 expansion at the end of 2017. The overall container terminal utilization has increased significantly from 68% the year before to 78% in 2019 due to the strong container volume growth.

At the end of 2019, the Company has decided to purchase additional terminal operating equipment and invest in Container Yard Zone Z to accommodate additional organic container volume growth.

The more efficient deployment of Terminal Tractors and RTG Cranes has contributed to efficiency gain in fuel consumption as the increase in total litres of diesel consumed is proportionately much less than the growth in total container volume handled of 14%.

The total conventional throughput handled in 2019 declined to 9.9 million metric tonnes due to the lesser volume across key sub-segments. Liquid bulk volume was adversely affected by non-bunker operation while the dry bulk segment experienced lesser fertilizer and coal tonnages.

The lesser major construction-related activities caused a lower quantity of project cargoes to be handled by the breakbulk segment. RORO units declined with lesser imported units of CBU (Completely Built-Up) vehicles.

In November 2019, a berthing container vessel made contact with two Ship-to-Shore cranes and container berth 23. Westports has written off one of the cranes and some of the other affected assets following consultations with various external parties, including the equipment manufacturer, insurance companies and our external auditor. All the affected assets have insurance coverage, and the Company expects a reversal in the coming financial periods after the current period's write-off, thereby nullifying the initial amount written off to an immaterial level.

Financial Review

Operational And Financial Review

Revenue

RM million	2019	2018	2017
Container	1,537	1,350	1,451
Conventional	122	143	145
Marine	83	77	78
Rental	41	45	42
Operational Revenue	1,783	1,615	1,716
Construction	0	0	373
Total Revenue	1,783	1,615	2,089

Cost Of Sales

RM million	2019	2018	2017
Container	94	89	282
Conventional	18	21	22
Marine	7	29	32
Fuel	105	103	82
Electricity	39	35	32
Manpower	213	196	179
Depreciation	195	187	162
Operational Cost Of Sales	671	660	790
Construction	0	0	373
Total Cost Of Sales	671	660	1,163

Income Statement

RM million	2019	2018	2017
Gross Profit	1,112	954	926
Other Income	13	9	27
Admininstrative Expenses	(81)	(16)	(27)
Other Expenses	(195)	(165)	(181)
Operating Profit	849	782	745
EBITDA	1,076	998	930
Finance Income	16	11	12
Finance Costs	(91)	(92)	(80)
Profit Before Tax	774	701	677
Taxation	(183)	(168)	(25)
Profit After Tax	591	533	652

Cash Flow

RM million	2019	2018	2017
Operating Profit Before Working Capital Changes	1,166	1,005	926
Net Cash From Operating Activities	960	588	1,085
Net Cash Used In Investing Activities	(64)	(198)	(799)
Net Cash Used In Financing Activities	(645)	(508)	(150)
Net Change In Cash & Cash Equivalents	250	(118)	136
Closing Balance	657	407	524

Westports achieved total revenue growth of 10% to RM1.8 billion with container operations as the largest contributor.

The container segment benefited from strong volume growth, higher revenue from Value Added Services such charges for refrigerated containers, and tariff revision implemented on 1 March 2019. As the largest source of revenue, container cost likewise is the highest among the four business segments. Repair and maintenance cost for the fleet of Terminal Operating Equipment is the biggest cost component.

The Company handled lesser tonnages of conventional throughput in 2019. The revenue and cost of operations reflected this trend accordingly.

Marine revenue reflected the greater number of vessels calling at Westports and also the increased proportion of larger vessels.

Rental revenue declined in 2019 due to the adoption of MFRS 16 from 1 January 2019. The straight-line method is now accepted as the appropriate basis to recognise lease rental income.

The lower marine cost is also due to MFRS 16. At the income statement, the cost is now recognised as the depreciation of the Right-of-Use (ROU) assets at Other Expenses and interest expense on the lease liabilities at Finance Costs.

Fuel cost increased moderately compared to the total container volume handled with efficiency gains and lower average benchmark fuel prices despite a relatively weaker Ringgit.

The Company's key electricity consumption is to power Ship-to-Shore Cranes used to move containers and to maintain refrigerated containers at their desired temperature. Total electricity cost increased due to higher kWh of electricity used and the Imbalance Cost Pass-Through (ICPT) surcharge.

Manpower is the largest operational cost component, and it increased in 2019 due to higher headcount at the operational level, higher volume-link incentives and bonus payments.

Depreciation charges increased moderately due to the full capitalisation of the OPUS Terminal Operating System in 2019.

Construction revenue and cost were zero as there were no infrastructure related activities in 2019. The last major container terminal expansion at Container Terminal 9 was completed in 2017. Under 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.

Gross profit improved in 2019 with higher operational revenue growth. The significant increase in Administrative Expenses was due to the full write-off made for one Ship-to-Shore cranes and container berth 23 that were damaged by a berthing container vessel. The affected assets have insurance coverage, and the Company expects recovery from the impairment made in the coming financial periods.

EBITDA (earnings before interest, tax, depreciation and amortisation) increased despite the impairment and this reflected the much improved financial performance of the Company.

There were no additional borrowings in 2019. The Company exercised the redemption of its Sukuk Musharakah Medium Term Note (SMTN) of RM100 million in August 2019, and this contributed to the marginally lower finance cost for the financial period.

In the absence of notable tax allowances during the financial period, the effective tax rate was maintained at 24%. The Company allocated a higher tax expense at RM183 million and thus reported a profit after tax of RM591 million for 2019.

At the cash flow statement, net cash generated from operating activities increased to RM960 million, and the closing cash and cash equivalents for 2019 amounted to RM657 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.
- The regular engagement with our clients facilitates proactive actions to ensure sustained satisfactory level of customer services. These are some of 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 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 growth and service level 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.
- The significant exposure and growth at the intra-Asia trade lane lessened somewhat the client-concentration risk as there are more relatively niche and smaller shipping lines in this segment.

4. Macroeconomic developments

Impact

- Global economic growth is expected to remain positive, but protectionism could contribute to a slowdown in international trade or fragmentation into regional blocs, hence potentially 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, proactive 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.

5. Westports expansion development cost

Impact

- High development, construction and operational costs of the proposed Westports' container terminal expansion could adversely affect the overall projected financial profitability of the Company.

Mitigation

- The Company curtailed the development cost at the design phase by selecting an optimum number of berths and the layout chosen took into consideration environmental factors.
- Westports would incorporate the length of the concession period and tariff into the negotiation phase of the proposed development.
- When the construction phase commences, an open tender to local and foreign construction companies will allow the Company to select the most cost-competitive and optimum suite of construction services to manage the overall project cost.

Investor Relations Report

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

Quarterly Financial Results And Analyst Coverage

Upon disclosing the quarterly results to Bursa Malaysia Securities Berhad ("Bursa Securities"), Westports issues press releases and conduct briefings or conference calls. These engagement sessions provide a balanced and updated perspective of our operational and financial performance, expansion plan, and the Company's prospects and outlook.

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. A total of 17 local and regional equity analysts provide active coverage on Westports.

Meetings, Conferences And Roadshows

Westports seeks to broaden investors' understanding of the Company while maintaining regular contacts with existing shareholders. Our 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, United Kingdom and Tokyo. Westports participated in 10 conferences and NDR locally and abroad. We also hosted and accommodated more than 60 meetings, port tours and conference calls with analysts and investors.

Index Member

Westports is one of the constituents of the FTSE4Good Bursa Malaysia Index and FTSE Bursa Malaysia Mid 70 Index. The Company is also a constituent in the following international benchmarks: MSCI Malaysia Index, Amsterdam-based Global Property Research's GPR Pure Infrastructure Index Series and Belgium-based Global Listed Infrastructure Organisation's Marine Port Index.

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 several 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 other working capital requirements. Westports had targeted a dividend payout ratio of not less than 75% of our consolidated profit attributable to our equity holders since 2013, when we became a public listed company.

This dividend policy merely describes our Company's ongoing intention and shall not be constituted as a legally binding statement. The Company's future dividends are also subjected to modification at the discretion of Westports Board.

Dividend Payment

For the financial year ended 31 December 2019, Westports has declared dividends amounting to RM443.3 million:

- 1st interim dividend of 6.74 sen per share amounting to RM229.8 million, paid on 23 August 2019; and
- 2nd interim dividend of 6.26 sen per share amounting to RM213.5 million, paid on 3 March 2020.

The total dividend declared represented 75% of the Company's profit after taxation for the financial year ended in 2019. It represents a total payout of 13.0 sen per share.

Shareholder Base

As of 31 December 2019, Westports had 4,725 shareholders accounts holding a total of 3.410 billion shares. Foreign shareholdings interest was 34.69% 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 July 2019.

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 2019 to highlight our activities which contribute primarily to the communities at Pulau Indah. The report can be downloaded from www.westportsholdings.com.

Department	Area Of Focus	Programme
Human Resource	Education	• Motivation Talk At SMK Pulau Indah • Motivation Talk At SK Pulau Indah 2 • Motivation Talk At SK Pulau Indah • Seminar In Maths And Add Maths • Seminar In Maths • The Science Of Quit Smoking
Conventional	Asli Community	• Telematch At Kampung Asli • Health Camp & Medical Check-Up
IT	IT Awareness	• PC Trouble-Shooting Workshop & IT Career Talk • Basic Networking Workshop • Basic Of Microsoft Office PowerPoint • IT Security Awareness Talk
Engineering	Facilities Refurbishment	• Westports Engineering Seminar • Technical Inspection At Computer Lab Of SMK Pulau Indah • Air-Conditioning Repair And Service At Masjid Ar-Rahman • Bus-Stop Refurbishment At Pulau Indah • Facilities Maintenance At SAR KAFA Perigi Nenas • Street Light Audit At Persiaran Masjid Sultan At Pulau Indah
Marketing	Environmental Related Initiatives	• Edible Garden Planting • Edible Garden 2.0 • Mangrove Planting • Royal Selangor Yacht Club (RSYC) Sailor Recognition Day / Mini Regatta • Recycle Programme 2019
Finance	Poor Families / Warga Emas / Orphans	• Health Awareness Programme • Celebrating Ramadhan With Pulau Indah Community • Tuition Class For UPSR candidates • Back to School Programme with SK Pulau Indah

Department	Area Of Focus	Programme
Container	Community Services	• Gotong-Royong Galeri Warisan, Kg Perigi Nenas (Group D) • Gotong-Royong Library Kg Teluk Nipah (Group B) • Gotong-Royong Tanah Perkuburan Perigi Nenas (Group D) • Gotong-Royong Library Kg Teluk Nipah (Group B) • Gotong-Royong At Masjid Al Qayyum (Group A) • Bubur Lambuk Project At Kg Sg Kembong (Group C) • Bubur Lambuk Project At Kg Teluk Nipah (Group B) • Bubur Lambuk Project At Kg Perigi Nenas (Group D) • Gotong-Royong At Kg Sungai Pinang (Group A) • Gotong-Royong At Sekolah KAFA Kg Perigi Nenas (Group D) • Gotong-Royong At Kg Sungai Kembung (Group C) • Gotong-Royong Tanah Perkuburan Kampung Perigi Nenas (Group D) • Gotong-Royong At Surau Haji Muhammad, Kg Sg Kembong (Group C)
M&R	Kolej Vocational Klang	• HIRARC Awareness Programme • Career And Motivational Talk • Merdeka Technical Explorace at KVK • Port Visit At Pulau Indah
Planning	Fertigation Farming	• Fertigation Farming At Kg Teluk Nipah • Fertigation Farming (Harvesting) • Fertigation Farming (New Project Chili Fertigation) • Fertigation Farming (Harvesting Chili)
EHS	Prevention Of Dengue	• Program Basmi Denggi At Flat Kolej Inspen • Safety Exhibition At Karnival Gegar Armada SK Pulau Indah 2
Port Police	Safety And Security	• Ethical Driving And Simulation Of Strokes Penalty Talk • Fire Drill, Fire Demonstration And Proper Fire Extinguisher Usage • Exhibition Of Paramedic Equipment At SK Pulau Indah 2 • Basic First Aid And CPR Class

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 outlines 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**") and Corporate Governance Guide (3rd Edition) throughout the financial year ended 31 December 2019 ("**the Year**" or "**2019**") and up to the date of this Annual Report. This statement is to be read together with Corporate Governance Report 2019 based on a prescribed format pursuant to Paragraph 15.25(2) of the Listing Requirements, which can be downloaded from Westports' website at www.westportsholdings.com or from Bursa Securities' website.

The Corporate Governance Report provides the details on how the Company has applied each Principles and Step-Ups as set out in the MCCG during the year. Westports will further enhance its MCCG adoption and put in effort to adhere to all recommended best practices from time to time.

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.

The Board is supported by Board Committees with delegated responsibilities to oversee the Group's affairs and authorise to act on behalf of the Board in accordance with their respective charters. 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. 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.

All the Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

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.

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.

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.

Board 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 electronically 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 2019, Board papers were circulated to the Board members in advance via board portal and this remains an ongoing priority to facilitate informed decision making. 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.

Notices on the closed period for trading in Westports are served to Directors and principal officers of the Group who are deemed to have privy to price-sensitive information of the Company for the applicable periods especially during the scheduled Board meetings to approve the quarterly financial results. This is to comply with the Listing Requirements where Directors and principal officers are prohibited from trading in securities based on price-sensitive information which have not been publicly announced within thirty (30) calendar days before the targeted date of announcement of the quarterly financial results up to the date of announcement.

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 the 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 2020 to further strengthen the governance and management of the Company. The latest Board Charter is accessible on the Company's website at www.westportsholdings.com.

Code of Conduct and Business Ethics

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.

Whistle Blower Policy

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 composition of the Board is fundamental to its success in providing strong and effective leadership. The Independent Directors are free from interests and influences that may conflict with their duties to the Company.

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.

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. There are three (3) female Board members, representing 27.3% of female representation on the Board, rounding to nearest ten percentile to 30% as recommended by MCCG. The aforesaid female Board members provide the Board with gender diversity that bring value to the Board's deliberations from the different perspectives and insights of the female Board members. The Board agreed that the existing female representation is appropriate for the Company.

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		Gender	
Bumiputera	3	<50 years	1	Male	8
Malaysian Indian	3	50-59 years	2	Female	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 Terms of Reference is published on the Company's website at www.westportsholdings.com.

More information on the ARMC and its activities for 2019 is contained on page 40 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 Terms of Reference, 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 recommended 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. Discussed and reviewed on the Environment Policy before recommending to the Board for approval;

c. 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;

d. Reviewed, considered and recommended the re-election of Directors at the forthcoming Annual General Meeting ("**AGM**") pursuant to the Constitution of the Company and the Companies Act 2016;

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

f. Reviewed the Board Evaluation Exercise process;

g. Conducted the annual Board and Board Committee Assessments in respect of 2019;

h. Deliberated on the findings of the Board's and Board Committees' Assessments and reported the findings to the Board;

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 Board recognises the significant contribution by the Independent Directors to the Company in bringing independent and objective judgement to the Board in decision making. The Executive Chairman, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam 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 are 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, none of the Independent Directors of the Company has served the Board for more than 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.

Board Appointment

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, 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.

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 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 Datuk Gnanalingam A/L Gunanath Lingam, Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil, Mr Chan Soo Chee and Ms Shanthi Kandiah pursuant to Clause 115 of the Company's Constitution respectively at the forthcoming Twenty-Seventh (27th) 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 2019. All Directors complied with the minimum attendance of at least 50% of Board meetings held in the financial period pursuant to the Listing Requirements. In addition, Board members are well prepared, having read the Board papers and all background materials before every Board meeting.

The decisions made at Board meetings are mostly consensus or via majority votes. Additionally, the resolutions in writing duly signed by a majority of the Directors or their alternates shall be valid and effectual as if the resolution had been passed at a Board meetings.

The table below shows the attendance record of the Directors for the meetings held during 2019.

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	3
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	4
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

Audit and Risk Management Committee Meetings

	Number of ARMC Meetings	
Name of Director	Held During Tenure In Office	Attended
Dato' Yusli bin Mohamed Yusoff - *ARMC Chairman* *(Independent Non-Executive Director)*	5	5
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil *(Senior Independent Non-Executive Director)*	5	5
Chan Chu Wei *(Non-Independent Non-Executive Director)*	5	5
Chan Soo Chee *(Independent Non-Executive Director)*	5	5

Nomination, Remuneration and Corporate Governance Committee Meetings

	Number of NRCGC Meetings	
Name of Director	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	2

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 2020.

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. 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 2019, 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 were as follows:

Month	Training/Seminar	Presenter/Organiser
January 2019	Cybersecurity Briefing	Westports Malaysia
	Security Awareness Training Programme	Hutchison Ports
February 2019	Revisiting The Misconception Of Board Remuneration	Institute of Corporate Directors Malaysia (ICDM)
March 2019	Executive Programme For Accountants – Role Of A Company Director - Board Practices	Hong Kong Institute of Certified Public Accountants
	Executive Programme For Accountants – Role Of A Company Director - Overview Of Legal And Regulatory Framework	Hong Kong Institute of Certified Public Accountants
	Executive Programme For Accountants – INEDs - Issues And Considerations	Hong Kong Institute of Certified Public Accountants
	Executive Programme For Accountants – INEDs - Role And Fulfillment	Hong Kong Institute of Certified Public Accountants
April 2019	Training On Competition Law - Understanding Competition Law From A Substantive Perspective	Shanthi Kandiah (Presenter) / Legal Plus
	Anti-Bribery And Anti-Corruption Module 1 To 4 (including post course assessment)	Hutchison Ports
May 2019	Anti-Bribery Management System	FGV
	Corporate Governance	KPMG
	Update On UK Tax And Customs Legislation Relevant To Hong Kong	Hong Kong Institute of Certified Public Accountants
June 2019	Labour Law Conference 2019	Shanthi Kandiah (Presenter) / Chartered Institute of Management Accountants
	IFRS 16 Seminar - New Leasing Standard In Action	PricewaterhouseCoopers
	Annual Conference 2019 : From Vulnerability To Sustainability - Build A Better Future	Association of Chartered Certified Accountants (ACCA)
August 2019	Joint National AML / CFT Conference 2019 Building Anti-Money Laundering And Counter Financing Of Terrorism (AML/CFT) Compliance Effectiveness: Risk and Challenges	Bank Negara Malaysia
October 2019	MFRS 16 Leases	Deloitte
	Supernova Summit	Shanthi Kandiah (Speaker) / LawTech
November 2019	Container Shipping 2020 - Market Outlook	Tan Hua Joo of Alphaliner

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.

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 questionnaires 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. 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 questionnaires were revised to reflect the latest corporate governance requirements. The NRCGC had on 10 December 2019 assessed the performance of the Board as a whole and its Board Committees for the period from 1 January 2019 to 31 December 2019.

For the year under review, the Company did not engage any independent third party to attend to the annual Board assessment. The evaluations were facilitated by the Company Secretaries making references to the guides available and the good corporate governance compliance.

The results and recommendations from the evaluation of the Board and Committees are presented to the 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. In its deliberation of remuneration level and mix, the NRCGC takes into consideration industry practices and benchmarks against relevant industry players as well as comparable positional responsibilities to ensure remuneration practices are competitive.

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

The details of Directors' remuneration (including benefits in kind) from the Company and Group respectively 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	122	122						244
3	John Stephen Ashworth	124							124
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		122	70					192
7	Dato' Shahrol Anuwar bin Sarman	64							64
	Ahmayuddin bin Ahmad	123					13		136
	Jeyakumar Palakrishnar	123							123
	Dato' Haji Mohamed Shahabar bin Abdul Kareem	122							122
	Shaline Gnanalingam	122							122
8	Mohammad Reezal Bin Ahmad	59							59
		1,105	1,108	650	-	-	28	-	2,891
	Executive Director								
	Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	3	2		2,400	801	521	544	4,271
	Datuk Ruben Emir Gnanalingam bin Abdullah	3	3		2,064	861	430	497	3,858
		6	5		4,464	1,662	951	1,041	8,129
	Grand Total	1,111	1,113	650	4,464	1,662	979	1,041	11,020

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*
7 *Resigned with effect from 10 July 2019*
8 *Appointed with effect from 11 July 2019*

The aggregate remuneration of the Company's Senior Management Team in respective bands of RM50,000 for the financial year 2019 are as follows:-

Remuneration (RM)	Number Of Senior Management
300,000 – 350,000	1
350,000 – 400,000	3
700,000 – 750,000	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 believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressure in the talent market.

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 Terms of Reference 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 31.

More information on the ARMC and its activities for 2019 is contained on page 40 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 Securities.

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, Deloitte PLT. 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 Terms of Reference 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 Terms of Reference, the External Auditors' assessment which sets out the assessment of external auditors, basic principles and the prohibition of non-audit services and the approval process for the provision of non-audit services.

With respect to the appointment or re-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 2019, 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.

The Board considers the declaration of independence, integrity and objectivity made by the external auditors in their Audit Report for 2019 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 Terms of Reference.

The Board concluded that the risk management and internal control framework of the Group is generally adequate and effective for 2019. 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 37 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.

An annual assessment on the performance of Internal Audit was conducted by ARMC on 30 January 2020 and the ARMC was satisfied with the performance of the Internal Auditor for 2019.

Further details of Internal Audit are set out on page 42 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.

2019 Annual Report			
	Issued	Requirement	Ahead By
2019 Annual Report	24 March 2020	30 April 2020	37 Days

2019 Quarterly Results			
	Announced	Requirement	Ahead By
First Quarter 2019	26 April 2019	31 May 2019	35 Days
Second Quarter 2019	26 July 2019	31 August 2019	36 Days
Third Quarter 2019	5 November 2019	30 November 2019	25 Days
Fourth Quarter 2019	7 February 2020	28 February 2020	21 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.

Material price sensitive and other pertinent information are simultaneously disseminated to Bursa Securities, and where relevant, the press.

In order to have a better interaction with the shareholders and stakeholders, Westports had held the 2019 AGM at Pulau Indah, whereby Westports had organised port touring for its shareholders and stakeholders.

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 23 of this Annual Report.

II. CONDUCT OF GENERAL MEETINGS

The AGM and any general meeting of the Company serves as the principal forum for shareholders to have direct access to the Board and provides 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 301 headcount (in person or by proxies or corporate representatives) had attended our last year AGM.

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 Tan Sri Datuk Gnanalingam A/L Gunanath Lingam and senior management were in attendance during the 2019 AGM, whereby shareholders had direct access to the Board during the AGM proceedings and to participate 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 GMD, Board members in attendance and the external auditors, if so required, will endeavour to respond to shareholders' questions during the meeting.

Proper notices of AGM or any general meeting are at all times 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 2019 AGM was issued to shareholders on 26 March 2019, which was within 30 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 2019 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 are also 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 2019 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 2019.

This Corporate Governance Overview Statement was approved by the Board of Directors via resolution dated 9 March 2020.

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 2019, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently.

This section has been intentionally left blank.

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 Group Managing Director ("**GMD**") and Acting CFO 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 recommended the re-appointment of the external 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. Whistle Blower Policy

The Group has also established the Whistle Blower 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 Whistle Blower 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 2019, 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 9 March 2020.

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 five (5) ARMC meetings were held during the financial year ended 31 December 2019 ("**FYE 2019**"), 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	5/5
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil *(Senior Independent Non-Executive Director)*	Member	5/5
Chan Soo Chee *(Independent Non-Executive Director)*	Member	5/5
Chan Chu Wei *(Non-Independent Non-Executive Director)*	Member	5/5

The Chairman of the ARMC, Dato' Yusli bin Mohamed Yusoff, qualified as a member of the Institute of Chartered Accountants in England and Wales and is currently a member of the Malaysian Institute of Accountants. 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 TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the ARMC is guided by its terms of reference. 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 2019 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 2019;
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 2020 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 2019, 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.
- Met with the Internal Auditors twice without the presence of Executive Board members and Management. The Internal Auditors reported that there were no issues requiring their attention other than those reported in the audit findings.

d. External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the FYE 2019 to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed and discussed with the external auditors the audit findings, audit analytics on key items and the application of new Malaysian Financial Reporting Standards in relation to the statutory audit for the FYE 2019;
- 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 2019 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 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. The auditors 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 30 January 2020 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-Seventh (27th) Annual General Meeting.

e. Others

- Reviewed with Management, the Group's budget and capital expenditure together with the assumptions for the financial year ending 31 December 2020.
- 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 2019 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.

EXTERNAL AUDIT FUNCTIONS

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 two (2) meetings with external 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 external auditors provided both audit and non-audit related services 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 three (3) internal auditors, which clocked in 5,472 man hours for internal audit and risk management activities carried out in 2019. IAD is currently led by Ms Chee Yen Lee, who has been with Westports Group for nineteen (19) 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 RM346,933 were incurred in relation to the Internal Audit function for the FYE 2019.

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 2019 were as follows:-

a. Prepared the internal audit plan for year 2020, which is reviewed and approved by the ARMC.
b. Completed a total of ten (10) 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 9 March 2020.

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

REPORT OF THE DIRECTORS

The Directors of **WESTPORTS HOLDINGS BERHAD** 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 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and the provision of management services to its subsidiary, whilst the principal activities of the subsidiary are as stated in Note 15 to the financial statements.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year	590,896	445,312

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.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company are as follows:

(i) a second interim dividend of 6.33 sen per ordinary share, amounting to RM215,853,000 in respect of the financial year ended 31 December 2018 on 1 March 2019; and
(ii) a first interim dividend of 6.74 sen per ordinary share, amounting to RM229,834,000 in respect of the financial year ended 31 December 2019 on 23 August 2019.

On 7 February 2020, the Directors declared a second interim dividend of 6.26 sen per share, in respect of the financial year ended 31 December 2019.

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

RESERVES AND PROVISIONS

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

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 have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

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 for 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 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 of the Group and of the Company which has arisen since the end of the financial year.

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

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 substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to 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
Tan Sri Ismail Bin Adam
Dato' Yusli bin Mohamed Yusoff
Datuk Ruben Emir Gnanalingam bin Abdullah
Chan Chu Wei
Ip Sing Chi
Kim, Young So
Ruth Sin Ling Tsim
Shanthi Kandiah
Chan Soo Chee
John Stephen Ashworth (Alternate Director to Ip Sing Chi)
Andy Wing Kit Tsoi (Alternate Director to Ruth Sin Ling Tsim)

The Directors who held office in the subsidiary of the Company during the financial year and up to the date of this report are:

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
Datuk Ruben Emir Gnanalingam bin Abdullah
Dato' Haji Mohamed Shahabar bin Abdul Kareem
Ahmayuddin bin Ahmad
Ip Sing Chi
Chan Chu Wei
Ruth Sin Ling Tsim (Also act as Alternate Director to Ip Sing Chi)
Edith Shih (Alternate Director to John Stephen Ashworth)
John Stephen Ashworth (Aso act as Alternate Director to Ruth Sin Ling Tsim)
Shaline Gnanalingam
Jeyakumar A/L Palakrishnar
Mohammad Reezal bin Ahmad (appointed on 11 July 2019)
Dato' Shahrol Anuwar bin Sarmah (resigned on 10 July 2019)

DIRECTORS' INTERESTS

The interests in the shares in the Company and in related corporations of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
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
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:				
- 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.

@ 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 a wholly-owned subsidiary) shall also be treated as the interests of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam.

Datuk Ruben Emir Gnanalingam bin Abdullah is deemed interested in the shares of the Company by virtue of his interest in Semakin Ajaib Sdn. Bhd. 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 in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporations during or at the beginning and end of the financial year.

Report Of The Directors
Financial Statements

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of remuneration received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation 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 except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain Directors of the Company are also directors and/or shareholders as disclosed in Note 35 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE

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, the 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 Company was RM50 million. The total amount of premium paid for the corporate liability insurance by the Company during the year was RM40,000.

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act 2016.

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 December 2019 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,
7 February 2020

Independent Auditors' Report
Financial Statements

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 at 31 December 2019, 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 47 to 80.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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 operations	
Refer to Note 6 to the financial statements	**How the matter was addressed in our audit**
Revenue from port operations of RM1.74 billion represents 98% of the Group's revenue for the year ended 31 December 2019. Revenue from port operations is recognised based on the throughput handled, consisting of large volumes of individually low value transactions and the tariffs applied to each transaction is based on rates approved by the port authority. Discounts and rebates given to customers are accounted for as net of revenue according to various contract terms agreed with customers. Although the recognition of revenue transactions from port operations is largely automated, manual adjustments to revenue are recorded by management to account for discounts and rebates and accrued revenue where services have been rendered but not billed. This therefore gives rise to a risk of material misstatement in the revenue recognised from port operations.	Our audit procedures, amongst others, include the following: • We evaluated the design and implementation of the relevant internal controls over revenue recognition and tested their operating effectiveness. • We engaged 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 pertaining to the revenue workflows. • Deployed data analytics in the testing of revenue from 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 rates and discounts and rebate rates to the applicable terms in the respective customers' contracts. • We assessed the appropriateness of manual adjustments recorded in relation to revenue from port operations.

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.

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.

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 Matter

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.

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

TEO SWEE CHUA
Partner - 02846/01/2022 J
Chartered Accountant

Kuala Lumpur,
7 February 2020

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	6	1,782,890	1,614,694	447,279	456,770
Cost of sales	7	(671,156)	(660,214)	-	-
Gross profit		1,111,734	954,480	447,279	456,770
Other income		12,856	9,464	-	-
Administrative expenses		(81,097)	(16,282)	(2,407)	(2,525)
Other expenses		(194,729)	(165,370)	-	-
Results from operating activities		848,764	782,292	444,872	454,245
Finance income	8	16,311	11,059	578	606
Finance costs	9	(91,266)	(92,134)	-	-
Profit before tax	10	773,809	701,217	445,450	454,851
Tax expense	11	(182,913)	(167,743)	(138)	(136)
Profit and total comprehensive income for the year		590,896	533,474	445,312	454,715
Total comprehensive income attributable to the owners of the Company		590,896	533,474	445,312	454,715
Basic earnings per ordinary share (sen)	27	17.33	15.64		

The notes on pages 52 to 80 are an integral part of these financial statements.

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	12	1,656,070	1,776,807	-	-
Concession assets	13	2,357,790	2,429,240	-	-
Right-of-use assets	14	59,230	-	-	-
Investment in subsidiary	15	-	-	1,030,130	1,030,130
Total non-current assets		4,073,090	4,206,047	1,030,130	1,030,130
Current Assets					
Inventories	16	5,478	6,146	-	-
Trade and other receivables	17	357,944	431,176	6	5
Cash and short term investments	18	695,695	444,051	15,041	15,452
Total current assets		1,059,117	881,373	15,047	15,457
TOTAL ASSETS		5,132,207	5,087,420	1,045,177	1,045,587
EQUITY AND LIABILITIES					
Equity					
Share capital	19	1,038,000	1,038,000	1,038,000	1,038,000
Reserves	19	1,522,295	1,377,086	7,111	7,486
Total equity		2,560,295	2,415,086	1,045,111	1,045,486

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current liabilities					
Borrowings	20	1,300,000	1,400,000	-	-
Trade and other payables	21	-	589	-	-
Employee benefits	22	8,660	9,855	-	-
Deferred tax liabilities	23	368,187	373,495	-	-
Service concession obligation	25	215,812	261,111	-	-
Lease liabilities	26	30,588	-	-	-
Total non-current liabilities		1,923,247	2,045,050	-	-
Current liabilities					
Trade and other payables	21	116,756	177,190	31	59
Provisions	24	339,803	290,608	-	-
Tax payable		16,128	16,447	35	42
Borrowings	20	100,000	100,000	-	-
Service concession obligation	25	45,299	43,039	-	-
Lease liabilities	26	30,679	-	-	-
Total current liabilities		648,665	627,284	66	101
Total liabilities		2,571,912	2,672,334	66	101
Total equity and liabilities		5,132,207	5,087,420	1,045,177	1,045,587

The notes on pages 52 to 80 are an integral part of these financial statements.

Statements Of Changes In Equity

Financial Statements

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company			
Group	Note	**Share capital RM'000**	**Non-distributable Goodwill written off reserve RM'000**	**Distributable Retained earnings RM'000**	**Total RM'000**
At 1 January 2018		1,038,000	(47,732)	1,346,579	2,336,847
Total comprehensive income for the year		-	-	533,474	533,474
Distributions to owners of the Company					
- Dividends	28	-	-	(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
At 1 January 2019		1,038,000	(47,732)	1,424,818	2,415,086
Total comprehensive income for the year		-	-	590,896	590,896
Distributions to owners of the Company					
- Dividends	28	-	-	(445,687)	(445,687)
Total transactions with owners of the Company		-	-	(445,687)	(445,687)
At 31 December 2019		1,038,000	(47,732)	1,570,027	2,560,295

The notes on pages 52 to 80 are an integral part of these financial statements.

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Company	Note	**Share capital RM'000**	**Distributable Retained Earnings RM'000**	**Total RM'000**
At 1 January 2018		1,038,000	8,006	1,046,006
Total comprehensive income for the year		-	454,715	454,715
Distributions to owners of the Company				
- Dividends	28	-	(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
At 1 January 2019		1,038,000	7,486	1,045,486
Total comprehensive income for the year		-	445,312	445,312
Distributions to owners of the Company				
- Dividends	28	-	(445,687)	(445,687)
Total transactions with owners of the Company		-	(445,687)	(445,687)
At 31 December 2019		1,038,000	7,111	1,045,111

The notes on pages 52 to 80 are an integral part of these financial statements.

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	773,809	701,217	445,450	454,851
Adjustments for:				
Depreciation of property, plant and equipment	137,574	131,312	-	-
Amortisation of concession assets	81,488	81,633	-	-
Depreciation of right-of-use assets	36,936	-	-	-
Finance costs - borrowings and others	70,971	74,424	-	-
Finance costs - accretion of service concession obligation	15,968	17,710	-	-
Finance costs - lease liabilities	4,327	-	-	-
Concession assets written off	13,953	8,427	-	-
Dredging expenditure	8,094	2,344	-	-
Impairment loss on trade receivables	1,468	394	-	-
Property, plant and equipment written off	39,878	2	-	-
(Reversal of provision)/Provision for retirement benefits	(1,013)	555	-	-
Dividend income	-	-	(447,279)	(456,770)
Finance income	(13,485)	(9,593)	(578)	(606)
Income from money market fund	(2,826)	(1,466)	-	-
Reversal of impairment loss on trade receivables	(748)	(955)	-	-
Gain on disposal of property, plant and equipment	(3)	(543)	-	-
Operating Profit/(Loss) Before Working Capital Changes	1,166,391	1,005,461	(2,407)	(2,525)

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Changes in working capital:				
Inventories	668	5,172	-	-
Trade and other receivables, excluding payment for dredging expenses	77,222	(51,284)	(1)	-
Payment for dredging expense	(12,804)	(28,547)	-	-
Trade and other payables	(61,023)	(243,187)	(28)	(3)
Provisions	50,855	50,015	-	-
Cash Generated From/(Used In) Operations	1,221,309	737,630	(2,436)	(2,528)
Income tax paid	(188,540)	(75,331)	(145)	(117)
Interest paid	(72,631)	(74,489)	-	-
Retirement benefits paid	(182)	(259)	-	-
Net Cash Generated From/(Used In) Operating Activities	959,956	587,551	(2,581)	(2,645)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	13,485	9,593	578	606
Dividend received	-	-	447,279	456,770
Income received from money market fund	2,826	1,466	-	-
Proceeds from disposal of property, plant and equipment	5	1,079	-	-
Additions to concession assets	(23,991)	(130,081)	-	-
Purchase of property, plant and equipment	(56,717)	(79,726)	-	-
Net Cash (Used In)/Generated From Investing Activities	(64,392)	(197,669)	447,857	457,376

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders		(445,687)	(455,235)	(445,687)	(455,235)
Redemption of borrowings – SMTN		(100,000)	-	-	-
Annual lease paid for use of port infrastructures and facilities		(59,007)	(50,901)	-	-
Fixed deposits pledged for borrowings		(1,414)	(1,375)	-	-
Repayment of lease liabilities		(39,226)	-	-	-
Net Cash Used In Financing Activities		(645,334)	(507,511)	(445,687)	(455,235)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		250,230	(117,629)	(411)	(504)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		406,615	524,244	15,452	15,956
CASH AND CASH EQUIVALENTS AT END OF YEAR	(i)	656,845	406,615	15,041	15,452

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

(i) Cash and cash equivalents

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	18	538,644	190,914	828	1,217
Money market fund	18	103,988	201,466	-	-
Fixed deposits with licensed banks	18	53,063	51,671	14,213	14,235
		695,695	444,051	15,041	15,452
Less: Pledged deposits	18	(38,850)	(37,436)	-	-
		656,845	406,615	15,041	15,452

(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:

Group	1.1.2019 RM'000	Net changes from financing cash flows RM'000	Accretion of interest RM'000	31.12.2019 RM'000
Sukuk MTN	1,500,000	(100,000)	-	1,400,000
Lease liabilities	96,166	(39,226)	4,327	61,267
Service concession obligation	304,150	(59,007)	15,968	261,111
	1,900,316	(198,233)	20,295	1,722,378

Group	1.1.2018 RM'000	Net changes from financing cash flows RM'000	Accretion of interest RM'000	31.12.2018 RM'000
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

The notes on pages 52 to 80 are an integral part of these financial statements.

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 the provision of management services to its subsidiary, whilst the principal activities of the subsidiary are as stated in Note 15.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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 7 February 2020.

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and of 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**

New and Amendments to MFRSs and Issue Committee ("IC") Interpretation 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 MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for annual periods beginning on or after 1 January 2019:

MFRS 16	*Leases*
Amendments to MFRS 9	*Prepayment Features with Negative Compensation*
Amendments to MFRS 119	*Plan Amendment, Curtailment or Settlement*
IC Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendments to MFRSs	*Annual Improvements to MFRSs 2015 - 2017 Cycle*

The adoption of these new and amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except for the below:

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

2.1 **Adoption of new and revised Standards** (continued)

Impact of initial application of MFRS 16 Leases

In the current year, the Group has applied MFRS 16 Leases that is effective for annual periods that begin on or after 1 January 2019.

MFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group's accounting policies for its leases are disclosed in details in Note 3.

The date of initial application of MFRS 16 for the Group is 1 January 2019 and the Group has applied MFRS 16 using the cumulative catch-up approach which:

(a) requires the Group to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
(b) does not permit restatement of comparatives, which continue to be presented under MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining Whether an Arrangement contains a Lease ("IC Interpretation 4").

Impact of the new definition of a lease

The Group has made use of the practical expedient on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The Group applies the definition of a lease and related guidance to all lease contracts entered into or changed on or after 1 January 2019 and the new definition in MFRS 16 did not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

MFRS 16 changes how the Group accounts for leases previously classified as operating leases under MFRS 117. Applying MFRS 16, the Group:

(a) recognises right-of-use assets and lease liabilities in the Group's statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use assets adjusted by the amount of any prepaid or accrued lease payment in accordance with MFRS 16:C8(b)(ii);
(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the Group's statement of profit and loss; and
(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Group's statement of cash flows.

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

2.1 **Adoption of new and revised Standards** (continued)

Impact of initial application of MFRS 16 Leases (continued)

Impact on lessee accounting *(continued)*

The Group has adopted the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117:

(a) single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application;
(c) non-recognition of right-of-use assets and lease liabilities to leases which the lease term ends within 12 months of the date of initial application;
(d) hindsight used when determining the lease term when the contract contains options to extend or terminate the lease; and
(e) no separation of non-lease components, and account for the lease and associated non-lease components as a single arrangement.

For short-term leases and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'Other expenses' in the Group's profit or loss.

The directors of the Company reviewed and assessed the Group's operating lease commitment applying MFRS 117 as at 31 December 2018 and concluded that the initial application of MFRS 16 has had the following impact:

	RM'000
Operating lease commitments as at 31 December 2018	103,249
Effect of discounting the above amounts	(10,362)
Add:	
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously include in operating lease	3,613
Less:	
Short-term leases	(334)
Lease liabilities recognised as at 1 January 2019	96,166

The Group recognised RM96,166,000 of right-of-use assets and lease liabilities in the Group's statement of financial position as at 1 January 2019. The weighted average lessees incremental borrowing rate applied to lease liabilities recognised as at 1 January 2019 is 4.5%. The initial application of MFRS 16 has had no impact on the Group's retained earnings as at 1 January 2019.

For lessor accounting, the application of MFRS 16 has had no impact on the Group's financial statements.

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

2.2 **Standards and Amendments in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRSs	*Amendments to References to the Conceptual Framework in MFRS Standards*[1]
Amendments to MFRS 3	*Definition of a Business*[1]
Amendments to MFRS 101 and MFRS 108	*Definition of Material*[1]
Amendments to MFRS 9, MFRS 139 and MFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture*[2]

[1]Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
[2]Effective date deferred to a date to be determined and announced by MASB.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The financial statements of the Group and of the Company have been prepared on historical cost, except for certain financial instruments that are measured at fair values, 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 goods and services.

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 16 Leases, 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:

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

Basis of accounting (continued)

- 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

A subsidiary is an 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.

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:

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

Business combinations (continued)

- 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.

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.

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

Business combinations (continued)

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.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the 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 certain 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 of 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 the nearest thousand, unless otherwise stated.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with 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. Payment of the transaction price is within the allowed credit periods 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.

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

Revenue recognition (continued)

Port operations (continued)

(i) Container service revenue

The Group provides container-related terminal handling services to shipping lines and forwarders. Container revenue includes 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").

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 stored 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 recognised 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.

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

Revenue recognition (continued)

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.

Rental income

Rental income from lands and buildings is recognised in profit or loss on a straight-line basis over the term of the lease.

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.

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

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.

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 the 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 its 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.

Taxation

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

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

Taxation (continued)

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 Group 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.

Property, plant and equipment

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

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

Property, plant and equipment (continued)

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.

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.

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

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.

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 recognises 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 ("IC Interpretation 12").

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.

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

Concession asset (continued)

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.

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.

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.

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

Impairment of Non-Financial Assets (continued)

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.

Leases

(a) The Group as lessor

The Group enters into lease agreements as a lessor that subleases out certain lands and buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

(b) The Group as lessee

Accounting policies applied from 1 January 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract and recognises right-of-use assets and lease liabilities at commencement date.

The lease liability is initially measured at the present value of the lease payments, which comprise the fixed lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

Leases (continued)

(b) The Group as lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset at the commencement date and the Group applies MFRS 136 to determine whether a right-of-use asset is impaired.

Lease that is associated to short term leases and leases of low value assets is recognised as an operating expense in the profit and loss on a straight-line basis over the terms of the lease. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets with value of less than RM10,000 each when purchase new.

Accounting policies applied until 31 December 2018

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.

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 statements 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)

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.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statements 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

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 credit loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any credit 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.

Impairment of financial assets

The Group recognises a credit 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.

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 credit loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

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; and
- 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.

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:

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

Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- 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.

(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:

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

Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

- 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.

(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 16 Leases.

If the Group measures the credit 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 credit loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

Financial instruments (continued)

Financial assets *(continued)*

Derecognition of financial assets

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.

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.

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.

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.

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

Financial instruments (continued)

Financial liabilities and equity *(continued)*

Financial liabilities (continued)

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.

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.

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

Financial instruments (continued)

Financial liabilities (continued)

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.

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 gains and losses.

3 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

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.

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.

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

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 Company, 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 privatisation agreement ("Privatisation Agreement") provides WMSB 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").

WMSB has the right to charge the users of the port for services rendered, which WMSB 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 WMSB will have no further involvement in its operation and maintenance requirements.

As consideration to lease the said port property from PKA and GOM, WMSB 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.

4. **SERVICE CONCESSION ARRANGEMENT** (continued)

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.

The Grantor may terminate the service concession agreement by giving not less than 3 calendar months' notice to that effect to WMSB (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 GOM policy or public policy. Upon such termination, WMSB 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) Calculation of credit 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.

5. **CRITICAL ACCOUNTING JUDGMENTS AND KEY RESOURCES OF ESTIMATES UNCERTAINTY** (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Calculation of credit loss allowance *(continued)*

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.

(ii) 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.

(iii) 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Port operations				
- Container	1,536,752	1,349,721	-	-
- Conventional	122,095	142,845	-	-
- Marine	83,232	77,254	-	-
	1,742,079	1,569,820	-	-
Rental income - lands and buildings	40,811	44,874	-	-
Dividend income	-	-	447,279	456,770
	1,782,890	1,614,694	447,279	456,770

The Group derives its revenue from port operations for the transfer of services at a point of time in accordance with MFRS 15.

7. **COST OF SALES**

	Group	
	2019	**2018**
	RM'000	**RM'000**
Port operations	671,156	660,214

8. **FINANCE INCOME**

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income received from financial assets designated at fair value through profit or loss:				
Income received from investment in money market fund	2,826	1,466	-	-
Interest income of financial assets that are not at fair value through profit or loss:				
Fixed deposits interest	13,360	9,426	578	606
Other interest	125	167	-	-
	16,311	11,059	578	606

9. **FINANCE COSTS**

	Group	
	2019	**2018**
	RM'000	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:		
Borrowings – SMTN	70,000	71,595
Accretion - service concession obligation (Note 25)	15,968	17,710
Lease liabilities (Note 26)	4,327	-
Other interest expenses	971	2,829
	91,266	92,134

10. PROFIT BEFORE TAX

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit fees	240	240	55	55
Depreciation of property, plant and equipment	137,574	131,312	-	-
Amortisation of concession assets	81,488	81,633	-	-
Dredging expenditure	8,094	2,344	-	-
Property, plant and equipment written off	39,878	2	-	-
Concession assets written off	13,953	8,427	-	-
Impairment loss on trade receivables	1,468	394	-	-
Personnel expenses (including key management personnel):				
- (Reversal of provision)/Provision for retirement benefits	(1,013)	555	-	-
- Defined contribution plan	31,962	30,030	-	-
- Wages, salaries and bonus	222,242	212,934	-	-
- Other employee benefits	3,099	2,971	-	-
Short-term leases	334	334	-	-
Equipment services	10,087	32,763	-	-
Profit sharing with PKA	12,005	10,963	-	-
Net realised foreign exchange loss	173	-	-	-
Depreciation of right-of-use assets	36,936	-	-	-
and after crediting:				
Dividend income				
- Subsidiary	-	-	447,279	456,770
Reversal of impairment loss on trade receivables	748	955	-	-
Gain on disposal of property, plant and equipment	3	543	-	-
Net realised foreign exchange gain	-	6,342	-	-

11. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Income tax expense				
- Current	187,731	94,818	138	145
- Under/(Over) provision in prior years	490	204	-	(9)
	188,221	95,022	138	136
Deferred tax expense/(credit)				
- Origination of temporary differences	1,813	77,278	-	-
- Overprovision in prior years	(7,121)	(4,557)	-	-
	(5,308)	72,721	-	-
	182,913	167,743	138	136
Reconciliation of tax expense				
Profit before tax	773,809	701,217	445,450	454,851
Income tax calculated using Malaysian tax rate of 24%	185,714	168,292	106,908	109,164
Non-deductible expenses	8,496	8,098	577	606
Non-taxable income	(4,666)	-	(107,347)	(109,625)
Tax incentive	-	(4,294)	-	-
	189,544	172,096	138	145
Under/(Over) provision in prior years				
- Current tax	490	204	-	(9)
- Deferred tax	(7,121)	(4,557)	-	-
	182,913	167,743	138	136

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.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Assets under construction RM'000	Total RM'000
Costs					
At 1 January 2018	2,723,371	17,702	37,543	11,714	2,790,330
Additions	-	-	-	79,726	79,726
Disposals	(7,136)	(2,881)	(241)	-	(10,258)
Write off	-	-	(6,943)	-	(6,943)
Transfers	37,987	4,647	34,318	(76,952)	-
At 31 December 2018/ 1 January 2019	2,754,222	19,468	64,677	14,488	2,852,855
Additions	-	-	-	56,717	56,717
Disposals	-	(8)	-	-	(8)
Write off	(43,908)	-	(129)	-	(44,037)
Transfers	52,209	196	7,884	(60,289)	-
At 31 December 2019	2,762,523	19,656	72,432	10,916	2,865,527
Accumulated depreciation					
At 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 January 2019	1,036,110	10,225	29,713	-	1,076,048
Charge for the year	124,084	2,077	11,413	-	137,574
Disposals	-	(6)	-	-	(6)
Write off	(4,040)	-	(119)	-	(4,159)
At 31 December 2019	1,156,154	12,296	41,007	-	1,209,457
Carrying amounts					
At 31 December 2018	1,718,112	9,243	34,964	14,488	1,776,807
At 31 December 2019	1,606,369	7,360	31,425	10,916	1,656,070

The write off for the year was mainly the result of an incident involving a vessel having physical contact with the port's cranes during a berthing process on 8 November 2019.

13. CONCESSION ASSETS

Group	Leased port infrastructures and facilities RM'000	Acquired and constructed port infrastructures and facilities RM'000	Assets under construction RM'000	Total RM'000
Cost				
At 1 January 2018	552,383	2,468,420	-	3,020,803
Additions	-	-	130,081	130,081
Write off	-	(13,224)	-	(13,224)
Transfers	-	12,476	(12,476)	-
At 31 December 2018/ 1 January 2019	552,383	2,467,672	117,605	3,137,660
Additions	-	-	23,991	23,991
Write off	-	(15,000)	-	(15,000)
Transfers	-	16,540	(16,540)	-
At 31 December 2019	552,383	2,469,212	125,056	3,146,651
Accumulated amortisation				
At 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/ 1 January 2019	181,887	526,533	-	708,420
Amortisation for the year	18,189	63,299	-	81,488
Write off	-	(1,047)	-	(1,047)
At 31 December 2019	200,076	588,785	-	788,861
Carrying amounts				
At 31 December 2018	370,496	1,941,139	117,605	2,429,240
At 31 December 2019	352,307	1,880,427	125,056	2,357,790

The write off for the year was mainly the result of an incident involving a vessel having physical contact with the port's wharf during a berthing process on 8 November 2019.

14. RIGHT-OF-USE ASSETS

Group	Equipment RM'000
Cost	
At 1 January 2019	96,166
Additions	-
At 31 December 2019	96,166
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	36,936
At 31 December 2019	36,936
Carrying amount	
At 31 December 2019	59,230

The Group leases several assets including marine equipment and IT equipment. The lease term ranges from 2 to 9 years. The maturity analysis of lease liabilities is presented in Note 26.

15. INVESTMENT IN SUBSIDIARY

	Company	
	2019 RM'000	2018 RM'000
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 2019	2018
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).

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 GOM 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.

15. INVESTMENT IN SUBSIDIARY (continued)

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.

16. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Spares	5,478	6,146
Recognised in profit or loss: Inventories recognised as cost of sales	114,143	118,773

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade				
Trade receivables	275,653	287,614	-	-
Less: Impairment loss	(1,914)	(1,194)	-	-
	273,739	286,420	-	-
Non-trade				
Other receivables	78,498	139,286	-	-
Deposits	864	858	6	5
Prepayments	4,843	4,612	-	-
	84,205	144,756	6	5
	357,944	431,176	6	5

Included in other receivables are lease rental receivables of RM39,294,000 (2018: RM47,297,000), input GST recoverable of RM1,832,000 (2018: RM36,770,000), and investments in club memberships amounting to RM1,850,000 (2018: RM1,850,000).

Trade receivables comprise amounts receivables for the sales generated from port operations. The credit periods range from 14 to 30 days (2018: 14 to 30 days). Included in trade receivables are balances due from a related party amounting to RM161,000 (2018: RM266,000).

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debtors from 5 (2018: 5) main customers, representing approximately 43% (2018: 49%) of the Group's trade receivables.

18. **CASH AND SHORT TERM INVESTMENTS**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	538,644	190,914	828	1,217
Money market fund	103,988	201,466	-	-
Fixed deposits with licensed banks	53,063	51,671	14,213	14,235
	695,695	444,051	15,041	15,452

Fixed deposits with licensed banks include pledged deposits of RM38,850,000 (2018: RM37,436,000) as securities for Sukuk Musharakah Medium Term Note ("SMTN") programmes of the subsidiary as disclosed in Note 20.

The interest rates are as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Fixed and short-term deposits	3.35 - 3.86	2.82 - 4.05	3.75	3.90 - 4.05

The maturity periods of the deposits of the Group and of the Company are 180 days (2018: 180 days).

19. **SHARE CAPITAL AND RESERVES**

	Group and Company			
	2019	2019	2018	2018
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
Issued and fully paid:				
Ordinary shares At 1 January/31 December	1,038,000	3,410,000	1,038,000	3,410,000

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.

Goodwill written-off reserve

This reserve relates to goodwill written-off arising from the acquisition of its subsidiary, measured at cost.

20. **BORROWINGS**

	Group	
	2019	2018
	RM'000	RM'000
Unsecured:		
Sukuk Musharakah Medium Term Note ("SMTN")	1,400,000	1,500,000
Less: Amount due within 12 months (shown under current liabilities)	(100,000)	(100,000)
Non-current portion	1,300,000	1,400,000

The non-current portion is repayable as follows:

	Group	
	2019	2018
	RM'000	RM'000
Financial years ending 31 December:		
2020	-	100,000
2021	150,000	150,000
2022	175,000	175,000
2023	125,000	125,000
2024	125,000	125,000
2025 and above	725,000	725,000
	1,300,000	1,400,000

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 18.

On 7 August 2019, the Group redeemed RM100 million of SMTN in accordance with the redemption terms.

20. **BORROWINGS** (continued)

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 2019.

21. **TRADE AND OTHER PAYABLES**

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current					
Non-trade					
Other payables (Note a)		-	589	-	-
		-	589	-	-
Current					
Trade					
Trade payables (Note b)		41,561	67,021	-	-
Accrued expenses		30,964	25,756	-	-
Deferred revenue		10,447	10,035	-	-
		82,972	102,812	-	-
Non-trade					
Other payables (Note a)		21,710	63,393	31	59
Accrued expenses (Note c)		12,074	10,985	-	-
		116,756	177,190	31	59
		116,756	177,779	31	59

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs, are unsecured and interest-free.

(a) In 2018, 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.
(b) Included in trade payables are balances due to related parties amounting to RM35,000 (2018 : RM36,000) which are unsecured, interest free and repayable on demand. The credit periods granted to the Group for trade purchases are 60 days (2018: 60 days).
(c) Included in non-trade accrued expenses is profit sharing expenses payable to the port authority amounting to RM12,005,000 (2018: RM10,963,000).

22. **EMPLOYEE BENEFITS**

	Group	
	2019	**2018**
	RM'000	**RM'000**
Present value of unfunded obligations		
Provision for retirement benefits	8,660	9,855

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.

Principal assumptions at the end of the reporting periods are as follows:

	Group	
	2019	**2018**
Discount rate	4.7%	5.75%
Expected annual salary increment rate	5.4%	7%

Movements in the present value of defined benefit obligations:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Defined benefit obligations at 1 January	9,855	9,559
(Income)/Expense recognised in profit or loss	(1,013)	555
Retirement benefits paid	(182)	(259)
Defined benefit obligations at 31 December	8,660	9,855

The defined benefit plan was frozen on 31 August 2004. Subsequent to 31 August 2004, no new participants have been introduced to the defined benefit plan. Employees under the defined benefit plan continue to be eligible for their retirement benefits but computations of their length of service years with the Group are only until 31 August 2004.

23. **DEFERRED TAX LIABILITIES**

The deferred tax amounts, determined after appropriate offsetting, are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Deferred tax liabilities	430,793	429,934
Deferred tax assets	(62,606)	(56,439)
	368,187	373,495

23. 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:

Group	At 1.1.2018 RM'000	Recognised in profit or loss (Note 11) RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 11) RM'000	At 31.12.2019 RM'000
Deferred tax liabilities					
Property plant and equipment and concession assets	(412,349)	(17,585)	(429,934)	8,083	(421,851)
Others	-	-	-	(8,942)	(8,942)
	(412,349)	(17,585)	(429,934)	(859)	(430,793)
Deferred tax assets					
Provisions	43,192	13,247	56,439	6,167	62,606
Unabsorbed investment tax allowance	68,383	(68,383)	-	-	-
	111,575	(55,136)	56,439	6,167	62,606
	(300,774)	(72,721)	(373,495)	5,308	(368,187)

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.

24. 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 34. The movements in provisions during the reporting year are as follows:

	Group RM'000
At 1 January 2018	240,593
Provisions made	398,641
Payments made	(348,626)
At 31 December 2018/1 January 2019	290,608
Provisions made	580,083
Payments made	(530,888)
At 31 December 2019	339,803

25. SERVICE CONCESSION OBLIGATION

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	304,150	337,341
Finance costs (Note 9)	15,968	17,710
Payment of lease rental	(59,007)	(50,901)
At 31 December	261,111	304,150

The minimum lease payments for the service concession obligation are payable as follows:

Group	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Less than one year	59,007	(13,708)	45,299	59,007	(15,968)	43,039
Between one and five years	245,258	(29,446)	215,812	304,265	(43,154)	261,111
	304,265	(43,154)	261,111	363,272	(59,122)	304,150

26. LEASE LIABILITIES

Group	2019 RM'000
At 1 January	96,166
Finance costs (Note 9)	4,327
Payment of lease rental	(39,226)
At 31 December	61,267

The minimum lease payments for the lease liabilities are payable as follows:

Group	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Less than one year	33,439	(2,760)	30,679
Between one and five years	30,330	(3,265)	27,065
More than five years	3,731	(208)	3,523
	67,500	(6,233)	61,267

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM590,896,000 (2018: RM533,474,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,410,000,000 (2018: 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 earning instruments.

28. DIVIDENDS

Dividends recognised by the Group and the Company:

	Sen per share	Amount RM'000	Date of payment
2019			
Second interim dividend 2018	6.33	215,853	1 March 2019
First interim dividend 2019	6.74	229,834	23 August 2019
		445,687	
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	

On 7 February 2020, the directors declared a second interim dividend of 6.26 sen per share, in respect of the financial year ended 31 December 2019.

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.

29. 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.

29. OPERATING SEGMENTS (continued)

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.

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	
	2019 RM'000	2018 RM'000
Reportable segment profit	851,171	784,817
Included in the measure of segment profit are:		
Revenue - external customers	1,782,890	1,614,694
Reversal of impairment loss on trade receivables	748	955
Gain on disposal of property, plant and equipment	3	543
Depreciation of property, plant and equipment	(137,574)	(131,312)
Amortisation of concession assets	(81,488)	(81,633)
Concession assets written off	(13,953)	(8,427)
Depreciation of right-of-use assets	(36,936)	-
Impairment loss on trade receivables	(1,468)	(394)
Property, plant and equipment written off	(39,878)	(2)

Reconciliation of reportable segment profit and revenue

	Port development and management of port operations	
	2019 RM'000	2018 RM'000
Profit		
Reportable segment	851,171	784,817
Non-reportable segment	(2,407)	(2,525)
Finance income	16,311	11,059
Finance costs	(91,266)	(92,134)
Consolidated profit before tax	773,809	701,217

29. **OPERATING SEGMENTS** (continued)

Reconciliation of reportable segment profit and revenue (continued)

	Port development and management of port operations	
	2019	**2018**
	RM'000	**RM'000**
Revenue		
Reportable segment/Non-reportable segment	1,782,890	1,614,694
Consolidated revenue	1,782,890	1,614,694

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 RM216,001,000 (2018: RM247,318,000) contributed 12% (2018: 15%) of the Group's revenue.

30. **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.

30. **FINANCIAL INSTRUMENTS** (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

	Carrying amount				**Fair value**			
	Financial assets		**Financial liabilities**		**Level**			
	FVTPL – designated	**Amortised cost**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019								
Trade and other receivables*	-	349,419	-	349,419	Note 1	Note 1	Note 1	
Cash and bank balances	-	591,707	-	591,707	Note 1	Note 1	Note 1	
Money market fund	103,988	-	-	103,988	103,988	-	-	103,988
Trade and other payables^	-	-	(106,309)	(106,309)	Note 1	Note 1	Note 1	
Borrowings	-	-	(1,400,000)	(1,400,000)	-	-	(1,347,676)	(1,347,676)
Service concession obligation	-	-	(261,111)	(261,111)	-	-	(261,111)	(261,111)
Lease liabilities	-	-	(61,267)	(61,267)	-	-	(61,267)	(61,267)
2018								
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)	-	-	(1,332,050)	(1,332,050)
Service concession obligation	-	-	(304,150)	(304,150)	-	-	(304,150)	(304,150)

* Excludes investments in club membership, prepayments, and input tax recoverable.
^ Excludes deferred revenue.
Note 1 - the carrying amounts approximate fair values due to the relatively short-term nature of these financial instruments.

30. **FINANCIAL INSTRUMENTS** (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

	Carrying Amount			Fair value		
	Financial assets	Financial liabilities		Level		
	Amortised cost	Amortised cost	Total	1	2	3
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019						
Trade and other receivables	6	-	6	Note 1	Note 1	Note 1
Cash and bank balances	15,041	-	15,041	Note 1	Note 1	Note 1
Trade and other payables	-	(31)	(31)	Note 1	Note 1	Note 1
2018						
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

There were no transfers between Level 1 and 2 during the current or prior year.
Note 1 – the carrying amounts approximate fair values due to the relatively short-term nature of these financial instruments.

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 3.52% to 3.99% (2018: 4.28% - 4.74%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)
Other payables (non-current)	Discounted cash flows	Interest rate of Nil (2018: 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 5.25% (2018: 5.25%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)
Lease liabilities	Discounted cash flows	Interest rate of 4.5% (2018: N/A) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)

30. **FINANCIAL INSTRUMENTS** (continued)

(b) 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

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 functional currency.

The carrying amounts of the Group's foreign currency denominated monetary liabilities at the reporting date are as follows:

	Liabilities	
	2019	**2018**
	RM'000	**RM'000**
Currency		
Europe dollar	191	-
Singapore dollar	6	218
United States dollar	-	53,318
South Korean won	-	1,309
Hong Kong dollar	-	226

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 subject to fixed rates but the Group does not measure them at fair value.

30. **FINANCIAL INSTRUMENTS** (continued)

(b) 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Borrowings	(1,400,000)	(1,500,000)	-	-
Service concession obligation	(261,111)	(304,150)	-	-
Lease liabilities	(61,267)	-	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group has holdings in money market fund at fixed rates measured at fair value through profit or loss. 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.

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.

30. **FINANCIAL INSTRUMENTS** (continued)

(b) Financial risk management objectives (continued)

Credit risk management (continued)

Receivables *(continued)*

Exposure to credit risk, credit quality and collateral (continued)

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 credit 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 financial difficulty and the Group has no realistic prospect of recovery	Amount written off

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 RM51 million (2018: RM48 million) from trade receivables.

The Group measures the credit 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 credit loss allowance of 100% against all receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable.

30. **FINANCIAL INSTRUMENTS** (continued)

(b) Financial risk management objectives (continued)

Credit risk management (continued)

Receivables *(continued)*

Exposure to credit risk, credit quality and collateral (continued)

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 credit loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	Trade receivables - days past due				
Group	**Not past due**	**1 - 30 days**	**31 - 180 days**	**More than 180 days**	**Total**
2019					
Estimated total gross carrying amount at default	187,741	60,522	21,064	6,326	275,653
Lifetime ECL	-	-	-	(1,914)	(1,914)
					273,739
2018					
Estimated total gross carrying amount at default	167,951	73,079	41,584	5,000	287,614
Lifetime ECL	-	-	-	(1,194)	(1,194)
					286,420

The movements in the impairment loss of trade receivables during the financial year are as follows:

	Group	
	2019	**2018**
Lifetime ECL (simplified approach)	**RM'000**	**RM'000**
At 1 January	1,194	3,504
Impairment loss recognised	1,468	394
Impairment loss written off	-	(1,749)
Reversal of impairment loss	(748)	(955)
At 31 December	1,914	1,194

30. **FINANCIAL INSTRUMENTS** (continued)

(b) Financial risk management objectives (continued)

Credit risk management (continued)

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 30(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.

30. **FINANCIAL INSTRUMENTS** (continued)

(b) 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:

	Carrying amount	Contractual profit/ interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2019							
Non-derivative financial liabilities							
Borrowings	1,400,000	3.52% - 3.99%	1,725,665	165,780	209,817	558,365	791,703
Trade and other payables (current)	106,309		106,309	106,309	-	-	-
Service concession obligation	261,111	5.25%	304,265	59,007	59,007	186,251	-
Lease liabilities	61,267	4.5%	67,500	33,439	15,748	11,810	6,503
Bank guarantees	-		7,925	7,925	-	-	-
	1,828,687		2,211,664	372,460	284,572	756,426	798,206
2018							
Non-derivative financial liabilities							
Borrowings	1,500,000	4.28% - 4.74%	1,795,625	69,960	165,780	605,166	954,719
Trade and other payables (current)	167,155		167,155	167,155	-	-	-
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	-		7,785	7,785	-	-	-
	1,971,894		2,335,410	303,907	226,390	786,234	1,018,909
Company							
2019							
Non-derivative financial liabilities							
Other payables	31		31	31	-	-	-
2018							
Non-derivative financial liabilities							
Other payables	59		59	59	-	-	-

31. **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.

	Group 2019	Group 2018
	RM'000	RM'000
Borrowings	1,400,000	1,500,000
Less: Cash and short term investments	(695,695)	(444,051)
Net debt	704,305	1,055,949
Total equity	2,560,295	2,415,086
Debt-to-equity ratio	0.28	0.44

There were no changes in the Group's approach to capital management during the financial year.

32. **CAPITAL COMMITMENTS**

	Group 2019	Group 2018
	RM'000	RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
Authorised and contracted for	397,202	61,704

33. **OPERATING LEASES COMMITMENTS**

Leases as lessee

The Group has future minimum lease payments payable under non-cancellable operating leases which fall due as follows:

Group	2018 RM'000
Less than one year	57,747
Between one and five years	77,706
More than five years	6,560
	142,013

33. **OPERATING LEASES COMMITMENTS** (continued)

Leases as lessor

The Group subleases out certain lands and buildings under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

Group	2019 RM'000	2018 RM'000
Less than one year	34,596	25,364
Between one and five years	112,432	126,821
	147,028	152,185

34. **CONTINGENT LIABILITIES**

	2019 RM'000	2018 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	35,355

The subsidiary, WMSB, was subjected to a 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 2016, 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.

35. **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 36.

35. **RELATED PARTIES** (continued)

Identity of related parties (continued)

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 transactions are shown in Note 17 and 21.

	Group	
	2019 RM'000	2018 RM'000
Corporate shareholder		
Pembinaan Redzai Sdn. Bhd.		
- Administrative expenses paid on behalf	12	13
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
Gryss Holdings Sdn. Bhd.		
- Office rental	367	371
PKT Logistics (M) Sdn. Bhd.		
- Port and storage income	(3,110)	(4,747)

36. **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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' fees	2,160	2,160	1,080	1,080
Remuneration	6,126	12,052	-	-
Defined contribution plan	1,041	2,049	-	-
Allowances	717	711	685	682
	10,044	16,972	1,765	1,762

The estimated monetary value of directors' benefit-in-kind is RM979,000 (2018: RM824,000).

37. **EVENT AFTER THE END OF THE REPORTING PERIOD**

On 7 February 2020, Westports Malaysia Sdn Bhd, a subsidiary of the Company entered into a conditional sale and purchase agreement with Pembinaan Redzai Sdn Bhd to acquire a parcel of leasehold land for a total cash consideration of RM393,958,900 ("Proposed Acquisition"). The Proposed Acquisition is intended to be used for the development of container terminal ("CT") facilities involving the development of 8 additional berths comprising CT 10 to CT 17.

Statement By Directors

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

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

In the opinion of the Directors of **WESTPORTS HOLDINGS BERHAD**, the financial statements set out on pages 47 to 80 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 2019 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors, 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,
7 February 2020

WESTPORTS HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

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 47 to 80 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 7th February 2020.

…………………………………………………………………
LEE MUN TAT
MIA 14184

Before me:

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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 financial year to raise proceeds.

2. **Material Contracts Involving Interests of Directors and Major Shareholders**
   The material contracts entered into by the Company and its subsidiary involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year are as follows:
   (a) A conditional sale and purchase agreement entered into between Westports Malaysia Sdn Bhd, a wholly-owned subsidiary of the Company with Pembinaan Redzai Sdn Bhd ("PRSB") on 7 February 2020 to acquire a parcel of leasehold land held under Pajakan Negeri (PN) 7374, Lot No. 72778, Mukim and District of Klang, State of Selangor Darul Ehsan measuring about 146.4 hectares (361.762 acres), from PRSB for a total cash consideration of RM393,958,900.

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 2019.

4. **Recurrent Related Party Transactions**
   There were no new Related Party Transactions entered into by the Group during the financial year.

Analysis Of Shareholdings
Other Information

Analysis of Shareholdings as at 28 February 2020

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	266	5.45	1,544	neglible
100 - 1,000	1,149	23.52	840,739	0.03
1,001 - 10,000	2,207	45.18	10,348,105	0.30
10,001 - 100,000	765	15.66	29,231,360	0.86
100,001 to less than 5% of issued shares	496	10.15	1,121,254,152	32.88
5% and above of issued shares	2	0.04	2,248,324,100	65.93
Total	**4,885**	**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) 187,100,900	5.49		
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	(2) 1,552,100,000	45.52
Gryss Limited	-	-	(3) 1,446,461,500	42.42
Gryss (L) Foundation	-	-	(4) 1,446,461,500	42.42
Pacific Port Investment Holdings Limited	-	-	(5) 802,962,600	23.55
Wide Ocean Limited	-	-	(6) 802,962,600	23.55
Hutchison Port Holdings Limited	-	-	(7) 802,962,600	23.55
CK Hutchison Global Investments Limited	-	-	(7) 802,962,600	23.55
CK Hutchison Holdings Limited	-	-	(7) 802,962,600	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.

Analysis Of Shareholdings

Other Information

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.	Kumpulan Wang Persaraan (Diperbadankan)	161,940,400	4.75
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	159,164,500	4.67
5.	Semakin Ajaib Sdn Bhd	99,438,500	2.92
6.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	79,737,700	2.34
7.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	28,907,900	0.85
8.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN For AIA Bhd.	22,627,800	0.66
9.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN For State Street Bank & Trust Company (West CLT OD67)	21,645,700	0.63
10.	HSBC Nominees (Asing) Sdn Bhd - JPMBL SA For Stichting Depositary APG Emerging Markets Equity Pool	19,819,100	0.58
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	19,477,900	0.57
12.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Total International Stock Index Fund	17,350,541	0.51
13.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Emerging Markets Stock Index Fund	16,278,701	0.48
14.	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	15,736,900	0.46
15.	Permodalan Nasional Berhad	15,266,100	0.45

Thirty Largest Shareholders (continued)

No.	Name	No. Of Shares	%
16.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 3	15,193,600	0.45
17.	HSBC Nominees (Asing) Sdn Bhd - JPMBL SA For Robeco Capital Growth Funds	13,317,200	0.39
18.	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	12,162,300	0.36
19.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 – Didik	9,941,560	0.29
20.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Forsta AP – Fonden	9,415,384	0.27
21.	Citigroup Nominees (Asing) Sdn Bhd - CBNY For Norges Bank (FI 17)	9,180,012	0.27
22.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB For Prulink Equity Fund	8,846,100	0.26
23.	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited For Government Of Singapore C	8,803,700	0.26
24.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG	8,002,793	0.23
25.	Amanahraya Trustees Berhad - Public Islamic Equity Fund	7,384,200	0.22
26.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN For Citibank New York (Norges Bank 1)	6,969,658	0.20
27.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International PLC (Firm A/C)	6,596,900	0.19
28.	Citigroup Nominees (Asing) Sdn Bhd - CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,204,300	0.18
29.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB For Semakin Ajaib Sdn Bhd (PB)	6,200,000	0.18
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd - BNYM SA/NV For People's Bank Of China (SICL ASIA EM)	5,661,400	0.16
	Total	**3,059,594,949**	**89.72**

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	-	-	-	-
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 ('000m²)	Date of Construction	Tenure (Years)	Net Book Value 2019 RM'000
CT1:						
Wharf and Yard	Wharf and yard for berthing and storing containers	22	600m & 91.2 m_2	1997	57	36,548
Building	Container Gate, Marshalling Building, Storage Facilities and M&R workshop	23	6.1 m_2	1996	50	4,731
CT2:						
Wharf and Yard	Wharf and yard for berthing and storing containers	22 & 19	600m & 150.0m_2	1997 & 2000	57 & 53	33,836
Building	Storage Facilities	20	2.7 m_2	1999	50	2,268
CT3:						
Wharf and Yard	Wharf and yard for berthing and storing containers	18	600m & 131.4m_2	2001	52	85,319
Building	Storage Facilities	16	38.3m_2	2003	50	5,501
CT4:						
Wharf and Yard	Wharf and yard for berthing and storing containers	14	600m & 137.6m_2	2005	48	119,976
Building	Admin building and M&R workshop	12	19.2m_2	2007	46	11,432
CT5:						
Wharf and Yard	Wharf and yard for berthing and storing containers	11	600m & 137.6m_2	2008	45	179,344
CT6:						
Wharf and Yard	Wharf and yard for berthing and storing containers	8 & 7	600m & 180.3m_2	2011 & 2012	42 & 43	250,113
CT7:						
Wharf and Yard	Wharf and yard for berthing and storing containers	6 & 5	600m & 175.8m_2	2013 & 2014	41 & 40	288,635
Building	Container Gate, Marshaling Centre, M&R workshop	3	127.1m_2	2016	38	74,539
CT8:						
Wharf and Yard	Wharf and yard for berthing and storing containers	3 & 2	600m 263.1m_2	2016	38	263,680
CT9:						
Wharf and Yard	Wharf and yard for berthing and storing containers	2	600m 100.1m_2	2017	37	281,347

Notice Of The Twenty-Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting ("**27th AGM**") of WESTPORTS HOLDINGS BERHAD will be held and convened at Connexion Conference & Event Centre, Summit 1 (Level M1), The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 22 April 2020 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 2019 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 RM3.0 million 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) Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	**Ordinary Resolution 2**
(ii) Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	**Ordinary Resolution 3**
(iii) Mr. Chan Soo Chee	**Ordinary Resolution 4**
(iv) Ms. Shanthi Kandiah	**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) (SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No. 202008000067)
Company Secretaries

Selangor Darul Ehsan
Date: 24 March 2020

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 at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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 14 April 2020 (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 2021 (14 Months) pursuant to the Act which shareholders' approval will be sought at this 27th 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 27th 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 2019**
   The softcopy of the Annual Report 2019, Sustainability Report 2019 and Corporate Governance Report 2019 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 2019 via the Company's website at www.westportsholdings.com and must provide ***all the required information*** accurately i.e. full name, CDS Account Number, full mailing address and shareholder's mobile number. With the ***accurate and complete information***, a copy of the Annual Report 2019 would be sent to the shareholders upon request within four (4) working days.

PERSONAL DATA POLICY

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.

WESTPORTS
PROVEN. TRUSTED. FRIENDLY.

Form of Proxy

WESTPORTS HOLDINGS BERHAD
(Registration No. 199301008024 (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-Seventh Annual General Meeting of the Company to be held at Connexion Conference & Event Centre, Summit 1 (Level M1), The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 22 April 2020 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 RM3.0 million 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 Tan Sri Datuk Gnanalingam A/L Gunanath Lingam as Director.	Ordinary Resolution 2		
3.	Re-election of Tan Sri Dato’ Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil as Director.	Ordinary Resolution 3		
4.	Re-election of Mr. Chan Soo Chee as Director.	Ordinary Resolution 4		
5.	Re-election of Ms. Shanthi Kandiah 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%

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 ………………………………, 2020.

* *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 at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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 14 April 2020 (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 24 March 2020.

STAMP

Westports Holdings Berhad
Registration No. 199301008024 (262761-A)

c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here to seal

Westports Holdings Berhad
Company No. 199301008024 (262761-A)
www.westportsholdings.com