WESTPORTS

PROVEN. TRUSTED. FRIENDLY.

GOING THE EXTRA MILE

ANNUAL REPORT 2016

2016 PERFORMANCE AT A GLANCE

CONTAINER THROUGHPUT
+10%
9.9
million TEUs

CONVENTIONAL THROUGHPUT
+16%
11.8
million tonnes

OPERATIONAL REVENUE
+14%
RM 1.804
billion

EBITDA*
+14%
RM 987
million

PROFIT BEFORE TAX
+16%
RM 755
million

PROFIT AFTER TAX
+26%
RM 637
million

DIVIDEND PAID
+14%
RM 446
million

MARKET CAPITALISATION^
+4%
RM 14.7
billion

RETURN ON EQUITY
30.8%

RETURN ON ASSETS
14.6%

** Earnings Before Interest, Tax, Depreciation and Amortisation*
^ Market capitalisation as at 31 December 2016
Note: Certain percentage may not add up due to rounding difference

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ANNUAL REPORT 2016

GOING THE EXTRA MILE

VISION

To Be A Successful Gateway for the Nation's Trade Inventory and the Pride of the Nation In Terms of Employee Relations, Customer Satisfaction and Corporate Citizenship.

MISSION

To Achieve 12 Million TEUs and 12 Million Tonnes of Cargo by 2020 with Excellent Returns for the Employees, Shareholders and Customers.


WESTPORTS

VALUES

TEAMWORK

Westports believes in collective and cooperative teamwork which contributes to the achievement of the company's vision and mission.

ACCOUNTABILITY & INTEGRITY

Integrity is the bedrock on which trust is built and is the hidden key to success. Employees are embedded with a deep feeling of trust and integrity which provides transparency and positive work environment.

NOW CULTURE

Westportians believe the attitude and process of treating key business as if one's life depended on it. It is about determination to stay focused and committed in delivering positive results. Westports cultivates a great sense of urgency and priority in every employee.

SAFETY AWARENES

Safety is an integral part in sustaining our business growth and success leading to an increase in productivity.

RESPONSIBLE

This tenet is embraced by all employees where we are all responsible for our actions and conduct.

INNOVATION

Westportians develop a passion for excellence and success through continuous innovation of new ideas and practices.

GOOD FAMILY VALUES

We work together as a family and practise candour, open communications and solve any issues or problems together. Things are done with good thoughts, good intentions and good deeds. Westports is a big family where everyone is treated with respect.

ABOUT WESTPORTS

Westports was listed on the Main Market of Bursa Malaysia Securities Berhad("Bursa Malaysia") on 18 October 2013. Westports was included in the Morgan Stanley Capital Indices ("MSCI") Index on 29 May 2015 and subsequently became a constituent of FTSE Bursa Malaysia KLCI ("FBM KLCI") Index on 22 June 2015. On 19 December 2016, Westports was included in FTSE4Good Bursa Index.

Westports primarily manages port operations dealing in container and conventional cargo. It also provides a wide range of port services, including marine services, rental services and other ancillary services.

Westports is located in Port Klang and it is one of the three main ports in the Straits of Malacca that handles gateway and transhipment container cargo, all of which are located in close proximity to the main shipping route along the Straits of Malacca. These ports have the advantage of natural deep water berths which allow them to accommodate large vessels.

Westports serves as the main gateway for container and conventional cargo for central Peninsular Malaysia hinterland.

Our container business has grown exponentially from 20,000 Twenty-foot Equivalent Units ("TEUs") in 1996 to 9.9 million TEUs in 2016. Our market share of container business represents 76% in Port Klang, 18% in Straits of Malacca and 10% in South East Asia as at 2016.

Our success is attributable to our strategic location, deep channel and wharf, linear berth, high productivity, dedicated young and vibrant employees, connectivity to more than 350 ports around the world, amongst others.

We have 28 berths with a length of 7,542 metres, of which 21 berths are connected in a straight line measuring 5,700 metres. Our container handling capacity stands at 12 million TEUs and our capacity utilisation ratio is at 83% in 2016. We are in the midst of expanding our capacity to Container Terminal 8 ("CT 8") and Container Terminal 9 Phase 1 ("CT 9 Phase 1").

Our conventional terminal handled 11.8 million tonnes of bulk cargo in 2016. The bulk cargo comprises mixed steel, steel coils, project cargo, animal feed, edible products, fertilisers, building-related cargo, palm oil, petroleum, chemical and liquefied petroleum gas. It represents 62% market share of conventional cargo handled in Port Klang.

"We are connected to more than **350** ports around the world through major shipping lines and feeder services"

ABOUT WESTPORTS

FAR EAST ASIA

1. **CHINA** - Nansha / Tianjin / Shanghai / Ningbo / Shekou / Yantian / Chiwan / Qingdao / Xiamen / Da Chan Bay / Dalian / Xingang / Hong Kong / Qinzhou
2. **JAPAN** - Tokyo / Yokohama / Nagoya / Kobe / Yokkaichi / Hakata
3. **SOUTH KOREA** - Busan / Kwangyang / Incheon / Ulsan
4. **TAIWAN** - Kaohsiung / Taipei / Keelung / Taichung

SOUTH EAST ASIA

1. **INDONESIA** - Belawan / Jakarta / Perawang / Semarang / Surabaya / Panjang / Makassar
2. **MALAYSIA** - Pasir Gudang / Tanjung Pelepas / Bintulu / Kota Kinabalu / Penang / Sibu / Kuching / Sandakan / Tawau / Labuan / Kuantan / Port Klang NP / Tanjung Manis
3. **MYANMAR** - Yangoon
4. **SINGAPORE** - Singapore
5. **THAILAND** - Laem Chabang / Bangkok
6. **VIETNAM** - Ho Chi Minh / Cat Lai / Hai Phong / Qui Nhon / Da Nang / Cai Mep
7. **BRUNEI** - Muara
8. **CAMBODIA** - Sihanoukville
9. **PHILIPPINES** - Manila / Davao / Mindanao

AUSTRALASIA

1. **AUSTRALIA** - Fremantle / Brisbane / Sydney / Melbourne / Adelaide / Esperance
2. **PAPUA NEW GUINEA** - Port Moresby / Port of Lae / Rabaul / Madang

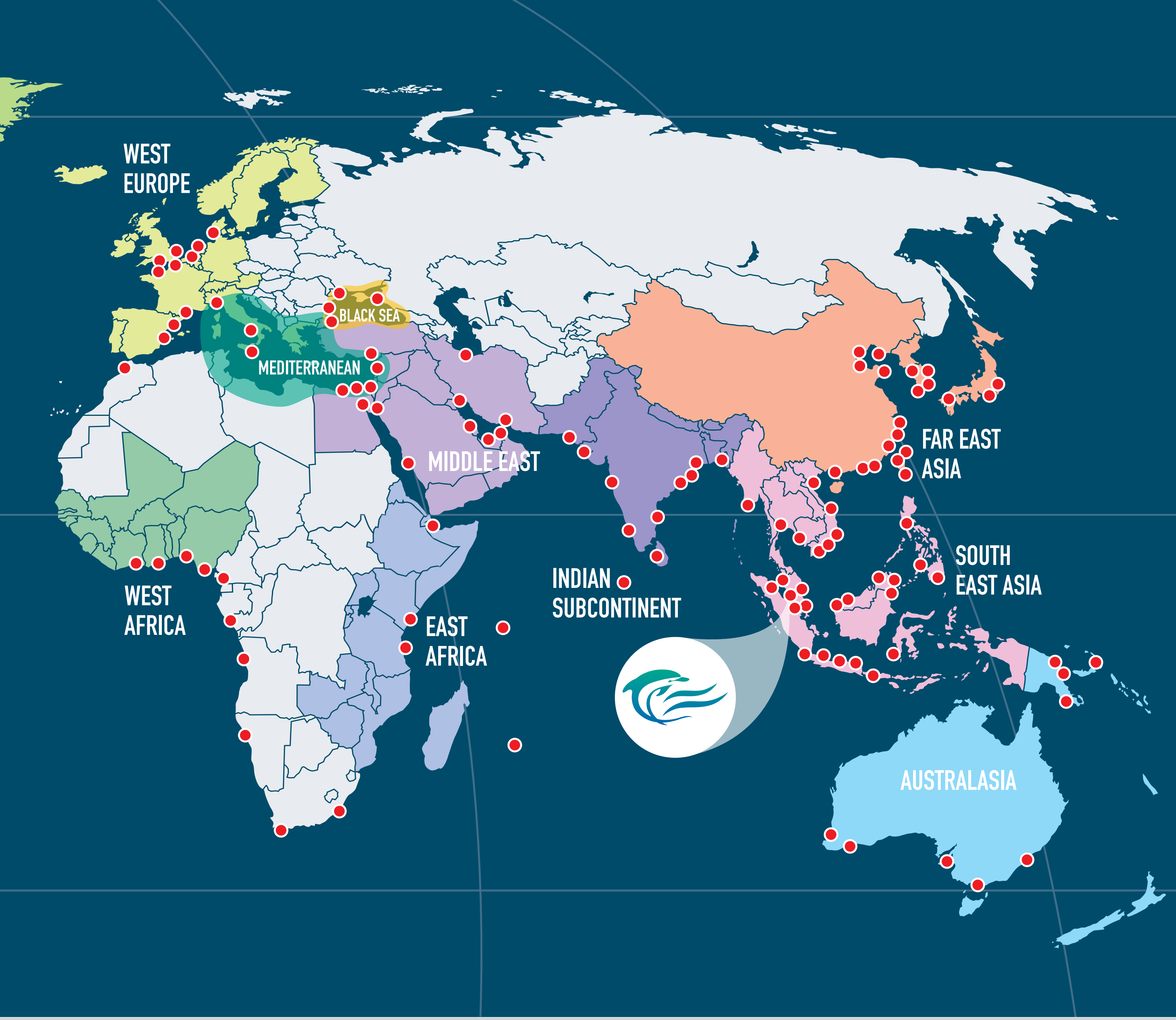
INDIAN SUBCONTINENT

1. **INDIA** - Pipavav / Haldia / Chennai / Nhava Sheva / Cochin / Mundra / Calcutta / Visakhapatnam / Hazira / Kattupalli / Paradip
2. **PAKISTAN** - Karachi
3. **SRI LANKA** - Colombo
4. **BANGLADESH** - Chittagong
5. **MALDIVES** - Male

BLACK SEA

1. **RUSSIA** - Novorossiysk
2. **UKRAINE** - Odessa
3. **ROMANIA** - Constanta

Note : Above ports are directly connected by major shipping lines and feeder services.



MIDDLE EAST

1. **IRAN** - Bandar Abbas / Bandar Imam Khomeini / Rajaee
2. **JORDAN** - Aqaba
3. **SAUDI ARABIA** - Dammam / Jeddah
4. **UNITED ARAB EMIRATES** - Khor Fakkan / Jebel Ali / Dubai / Abu Dhabi / Mina Khalifa

MEDITERRANEAN

1. **EGYPT** - Ain Sokhna / Port Said / Damietta / Alexandria
2. **ITALY** - Genoa / La Spezia / Trieste / Salerno
3. **TURKEY** - Ambarli / Mersin / Istanbul / Izmit
4. **LEBANON** - Beirut
5. **MALTA** - Malta
6. **SLOVENIA** - Koper
7. **GREECE** - Piraeus

WEST AFRICA

1. **ANGOLA** - Luanda
2. **BENIN** - Cotonou
3. **CONGO** - Pointre Noire
4. **GHANA** - Tema
5. **IVORY COAST** - Abidjan
6. **MOROCCO** - Tangier
7. **NAMIBIA** - Walvis Bay
8. **NIGERIA** - Apapa / Lagos / Tin Can Island
9. **CAMEROON** - Douala

EAST AFRICA

1. **DJIBOUTI** - Djibouti
2. **KENYA** - Mombasa
3. **SOUTH AFRICA** - Durban / Cape Town
4. **SEYCHELLES** - Port Victoria
5. **REUNION** - Pointe Des Galets
6. **SUDAN** - Port Sudan
7. **TANZANIA** - Dar Es Salaam / Zanzibar

WEST EUROPE

1. **BELGIUM** - Antwerp
2. **FRANCE** - Fos sur Mer / Le Havre / Dunkirk
3. **GERMANY** - Hamburg
4. **UNITED KINGDOM** - London Gateway / Southampton / Felixstowe
5. **SPAIN** - Valencia / Barcelona
6. **NETHERLANDS** - Rotterdam

NORTH & CENTRAL AMERICA

1. **USA** - Seattle / Savannah / Norfolk / New York / Charleston / Long Beach
2. **CANADA** - Vancouver / Halifax / Prince Rupert

SOUTH AMERICA

1. **ARGENTINA** - Buenos Aires
2. **BRAZIL** - Itapoa / Santos / Paranagua / Rio Grande / Itaguai / Navegantes
3. **URUGUAY** - Montevideo

FINANCIAL HIGHLIGHTS

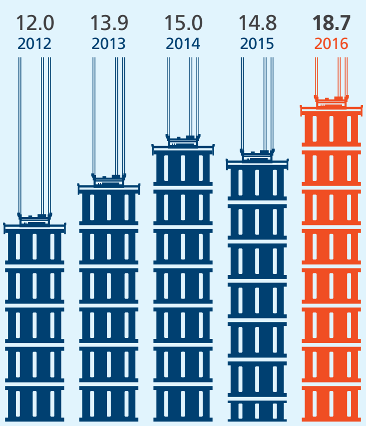
Group Performance

For the Financial Year Ended 31 December

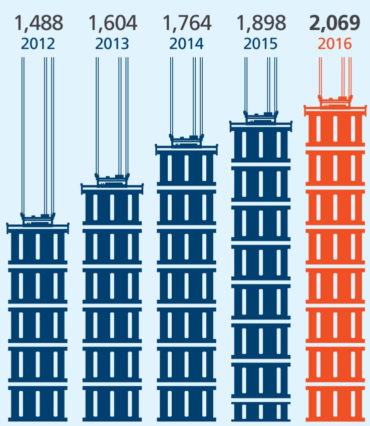
(In RM'000)	2012	2013	2014	2015	2016
Revenue	1,492,262	1,712,618	1,562,079	1,681,783	2,035,015
Profit before tax	434,673	517,008	578,781	650,143	754,819
Profit attributable to owners of the Company	359,317	435,305	512,205	504,864	636,981
Shareholders' equity	1,488,029	1,603,942	1,764,235	1,898,121	2,068,925
Total assets	3,214,425	3,573,984	3,846,122	4,029,555	4,349,077
Earnings per share (sen)	12.0	13.9	15.0	14.8	18.7
Dividend per share (sen)	9.0	9.6*	11.3	11.1	14.0
Dividend payout ratio (%)	75.0%	75.0%*	75.0%	75.0%	75.0%
Return on equity (%)	24.1%	27.1%	29.0%	26.6%	30.8%
Return on total assets (%)	11.2%	12.2%	13.3%	12.5%	14.6%

** Excluding special dividend*

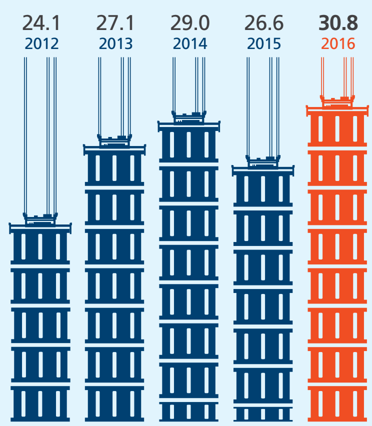
Earnings Per Share (Sen)



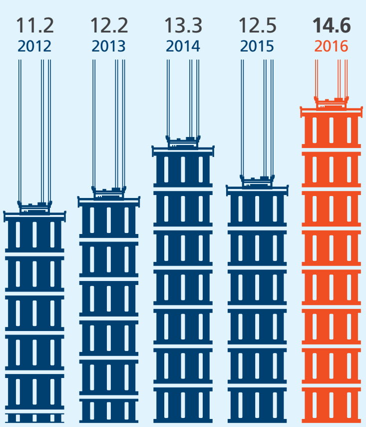
Shareholders' Equity (RM'Mil)



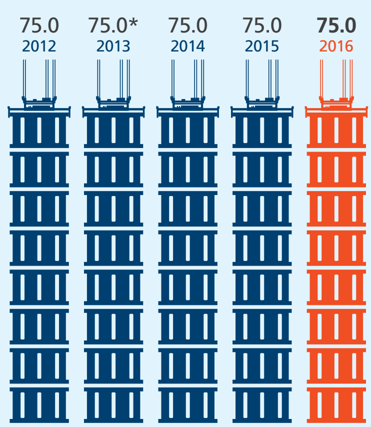
Return On Equity (%)



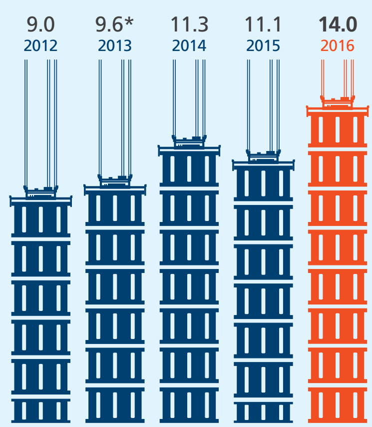
Return On Total Assets (%)



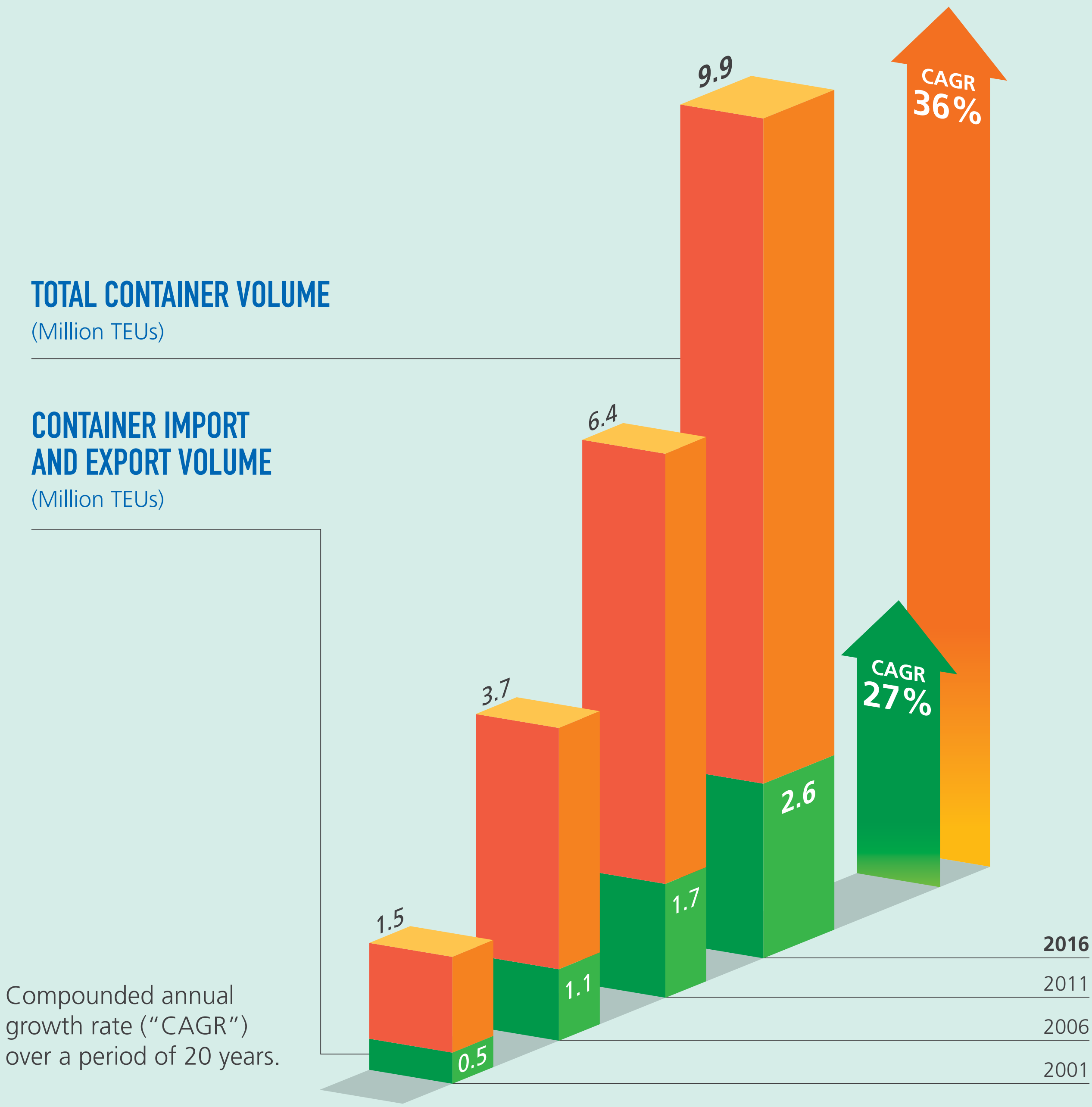
Dividend Payout Ratio (%)



Dividend Per Share (Sen)

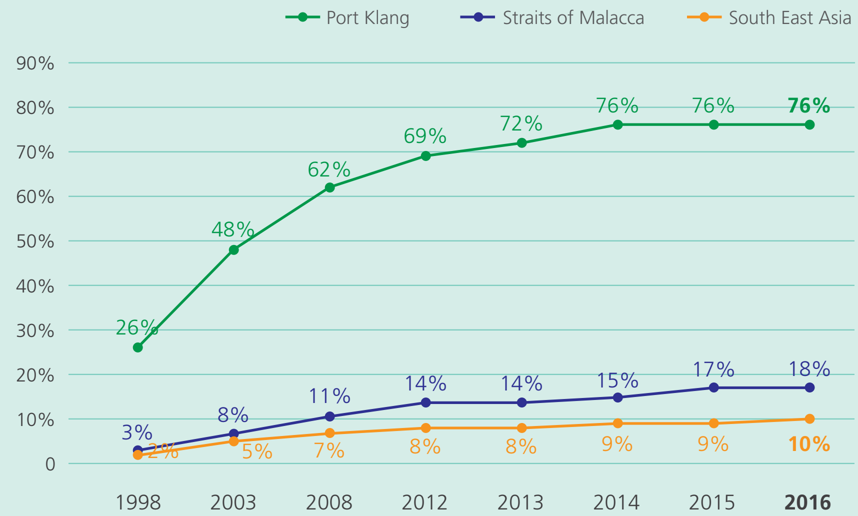


MARKETING HIGHLIGHTS

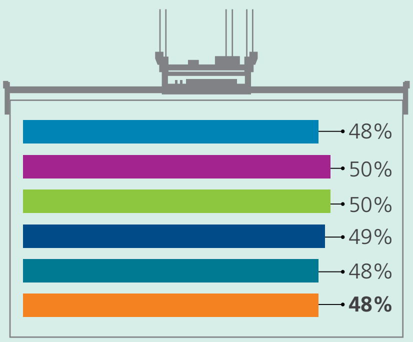


CONTINUOUSLY WINNING MARKET SHARE

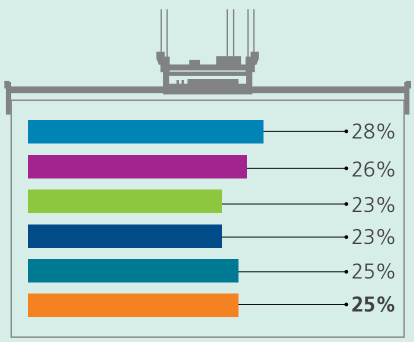
MARKET SHARE



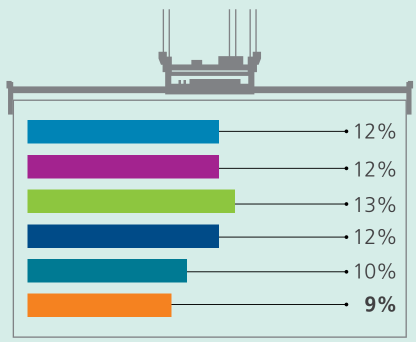
WESTPORTS CONTAINER VOLUME BY REGION



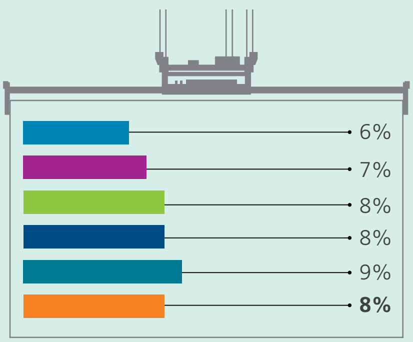
Intra Asia



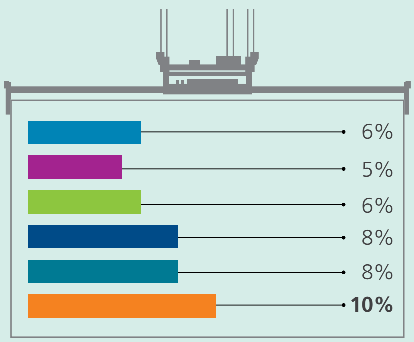
Asia Europe



Asia Africa



Asia Australia



Others

2011 2012 2013
2014 2015 2016

LEVERAGING ON FASTEST GROWING TRADES

KEY INDICATORS

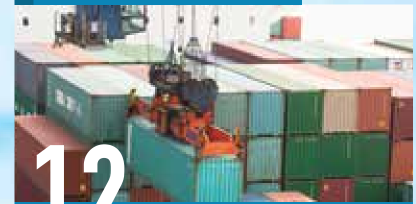
World leader in productivity with berth capability to accommodate the world's largest vessels.

CRANE PRODUCTIVITY

30–35
mph* 2000 - 20 mph*

** mph denotes moves per hour.*

HANDLING CAPACITY



12
mil TEUs 1996 - 1.0 mil TEUs

CONTAINER BERTHS

4.9
kilometer 1996 - 600 meters

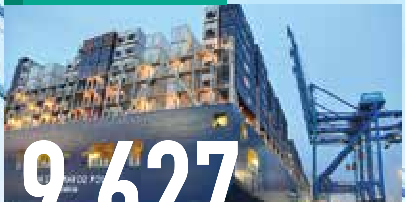
DEEPEST DRAFT

17.5
meters 1996 - 15.0 meters

SHIP-TO-SHORE CRANES

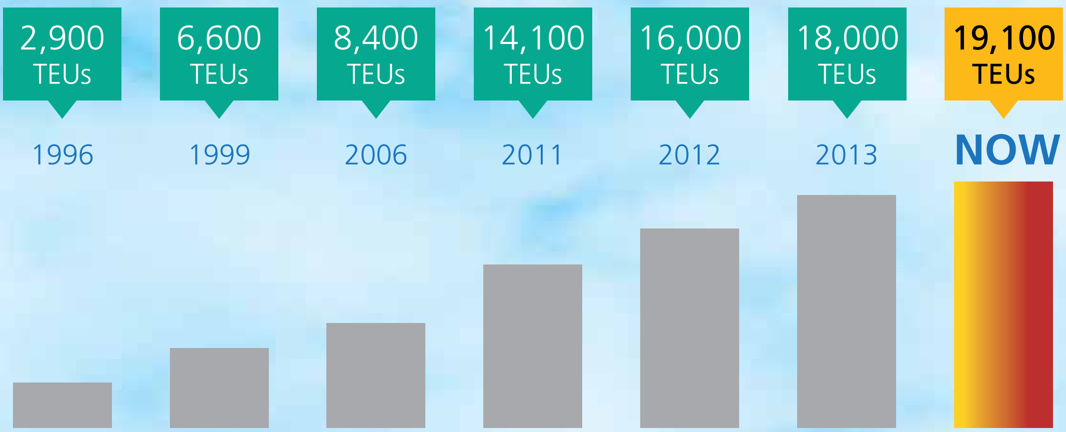
55
cranes 1996 - 9 cranes

NO. OF VESSELS



9,627
vessels 1996 - 972 vessels

CONTAINER VESSEL SIZE

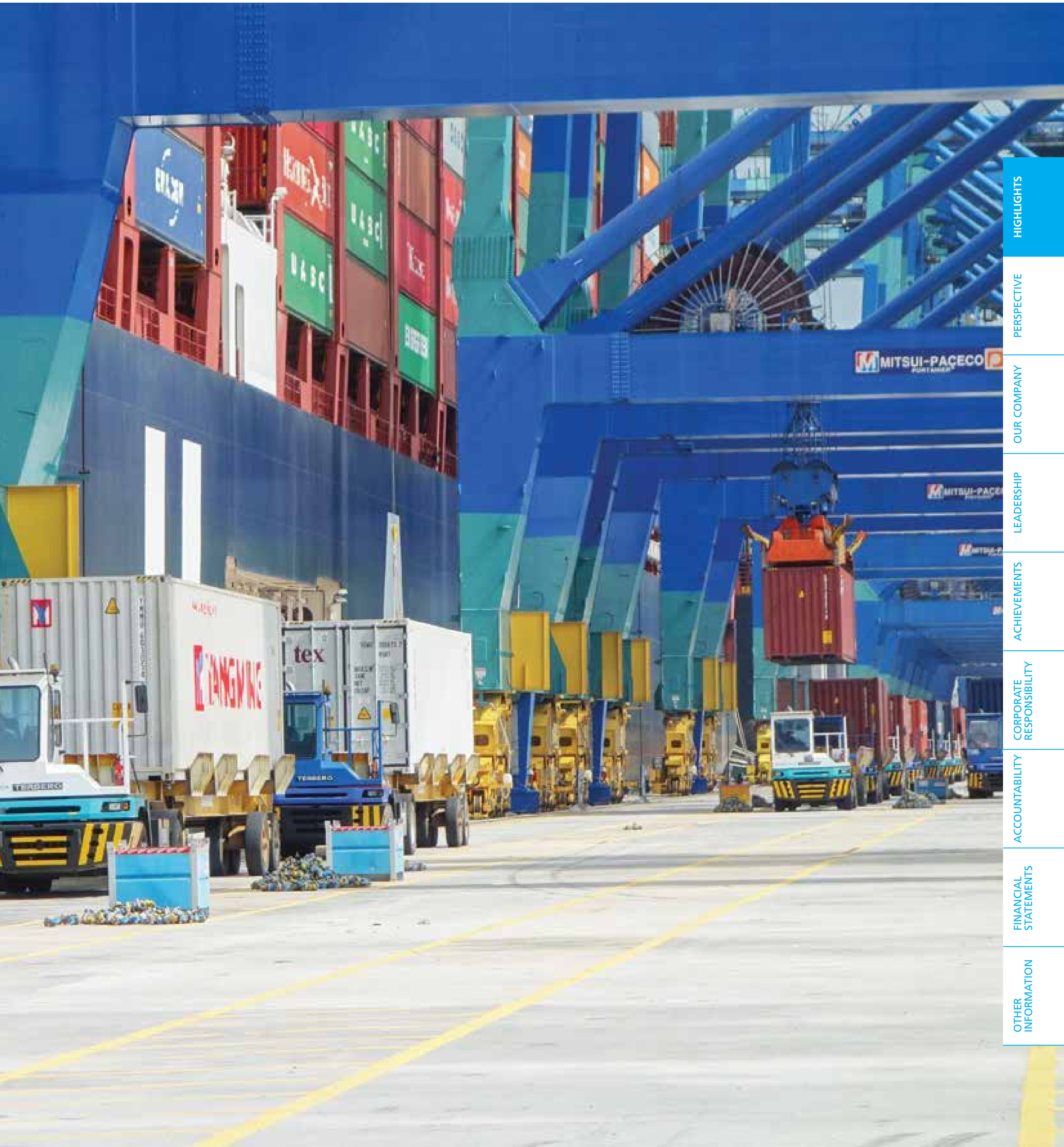


STATEMENT OF VALUE ADDED AND DISTRIBUTION

For the Financial Year Ended 31 December

(In RM'000)	2016	2015
VALUE ADDED:		
Revenue	2,035,015	1,681,783
Less: Construction revenue	(230,679)	(103,485)
Operational revenue	1,804,336	1,578,298
Purchase of goods and services	(584,040)	(489,738)
Total value added available for distribution	**1,220,296**	**1,088,560**
DISTRIBUTION:		
To employees		
- salaries and other staff costs	233,228	219,507
To government		
- income tax	117,838	145,279
To provider of capital		
- dividends	446,028	391,127
- finance costs (net)	64,165	63,730
Retained for future reinvestment & growth		
- depreciation and amortisation	168,084	155,180
- retained profits	190,953	113,737
Total distributed	**1,220,296**	**1,088,560**
RECONCILIATION:		
Profit for the year	636,981	504,864
Add: Depreciation & amortisation	168,084	155,180
Finance costs (net)	64,165	63,730
Staff costs	233,228	219,507
Income tax	117,838	145,279
Total value added	**1,220,296**	**1,088,560**

Value added is a measure of wealth created. The above statement shows the Group's value added for 2016 and 2015 and its distribution by way of payments to employees, government and capital providers with the balance retained in the Group for future reinvestment and growth.


MITSUI-PACECO
tex

PERSPECTIVE

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CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is with great pleasure that I present to you the Annual Report of Westports Holdings Berhad ("Westports" or "the Group") for the financial year ended 31 December 2016.

In 2016, Westports accomplished another milestone by achieving 9.9 million TEUs in container throughput, despite challenges in the world's economy and shake-ups in the container shipping industry. This solidifies our position as the leading port terminal in Malaysia.

MACROECONOMIC REVIEW

The global economic growth continued to be lacklustre last year mainly due to the slowdown in China's economy and low commodity prices. The world's economy grew by approximately 2.3% in 2016 compared to 2.7% in 2015. The developed countries registering a growth of 1.6% and emerging markets grew by 3.4%.

The US economy slowed down as a result of lower exports arising from stronger dollar which outweighed higher domestic consumption. The Eurozone suffered sluggish growth due to political risks brought about by Brexit. Japan's economy barely grew despite the government's fiscal stimulus.

China's economy continued growing at a slower pace, as the country transitioned from an export-oriented economy to a more sustainable, consumption-driven economy. The slowdown in China's economy reverberated across ASEAN, as many countries count China as their largest trade partner.

Back home, our economy also registered a slower growth of 4.2% in 2016 against 5.0% in 2015. As a trading nation, we were affected by global slowdown in demand for goods. However, our exports were supported by the weaker ringgit against the world's major currencies.

The shipping industry still faces excess supply in the market arising from capacity expansion in recent years and slower global economy growth than anticipated. As a result, many shipping lines recorded losses and are in consolidation phase through mergers and acquisition; and formation of new shipping alliances to remain afloat.

CHAIRMAN'S STATEMENT

OPERATIONAL REVENUE

+14%

RM1.804 BILLION

2015: RM1.578 BIL.

PROFIT BEFORE TAX

+16%

RM755 MILLION

2015: RM650 MIL.

MARKET CAPITALISATION

+4%

RM14.7 BILLION

2015: RM14 BIL.

PERFORMANCE REVIEW

As a major transhipment hub, Westports is connected to ports worldwide by main line operators, with transhipment volume comprising 74% of the total container throughput.

Despite the challenging global economy in 2016, Westports managed to chart an exceptional growth rate of 10% in container throughput to 9.9 million TEUs. Transhipment grew by 11% in 2016, while gateway container throughput grew by 4%. Westports also handled 11.8 million tonnes of conventional cargo, an improvement of 16% compared with the previous year, with liquid bulk throughput increasing by 36% due to the contribution from bunker operations. On the RORO segment, we recorded a volume of 141 thousand vehicles, down by 13%.

Mirroring the increase in volume, Westports' operational revenue surged by 14% to RM1.804 billion. Our profit before tax increased by 16% to RM755 million, reflecting higher container throughput, the effects of the increase of container tariff in November 2015, lower fuel cost and gain from disposal of investment in quoted shares. Profit after tax increased by 26% to RM637 million. The detailed analysis of performance is reported in the Management Discussion and Analysis section of this report on page 30 to 55.

SUSTAINABILITY REPORT

Commencing this year, Bursa Malaysia requires public listed companies with market capitalisation of more than RM2.0 billion to disclose a Sustainability Report in the Annual Report. Thus, together with this report, you will find a separate document on Sustainability Report.

We already operate our business in a sustainable manner and our long-term thinking and strategic value creation complement the current emphasis on sustainability. Our phenomenal growth over the past years is testament to our sustainable operating practices that promote sustainable growth. The Sustainability Report is categorised into three main chapters: economic, environment and social.

Under the economic segment, we conduct our business in a transparent manner, emphasising integrity and good governance, and virtually all our employees are local. We also consider environmental conservation when planning and conducting our current and possibly future activities. Our social conduct encompasses close engagement with the community, especially on Pulau Indah where we are located. Employees are provided with an environment that is conducive for working and both customers and suppliers are treated fairly and with respect.

CHAIRMAN'S STATEMENT

DIVIDEND

Westports has declared two interim dividends for 2016 with the first interim dividend of 7.30 sen per share paid on 23 August 2016 and the second interim dividend of 6.70 sen paid on 8 March 2017 with total dividend of 14.0 sen for the financial year ended 31 December 2016. The dividend paid was in accordance with our dividend policy of 75% of Profit After Tax.

AWARDS

I am delighted to report that during the year, we are the proud recipient of various prestigious accolades in recognition of our contributions towards betterment of the industry, community and business.

We are humbled to be awarded the Industry Excellence Award – Logistic by the Malaysian Chapter of the ASEAN Business Advisory Council at the ASEAN Business Awards Malaysia in May 2016. This award was to recognise outstanding businesses that have created a positive impact on the growth of the Malaysian economy and helped elevate the country's image in ASEAN.

Our outstanding commitment towards the numerous corporate social responsibility initiatives have also been acknowledged by receiving the Company of the Year Award for the Logistics and Ports Industry in the CSR Malaysia Awards in June 2016. The award recognises the efforts done by Malaysian corporations in contributing positive changes to the livelihood of their surrounding communities.

As a testament to be one of the highly sought after employers in Malaysia, we were recognised as the winner of the Gold Award Employer of Choice 2016. It was awarded by Malaysian Institute of Human Resource Management in October 2016.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my appreciation to Mr. Raymond Pak Ying Law for his contributions during his tenure as an Alternate Director to Mr. Ip Sing Chi and Ms. Ruth Sin Ling Tsim, both are Non-Independent Non-Executive Directors. I would like to welcome Mr. John Stephen Ashworth to the Board as an Alternate Director to Mr. Ip Sing Chi and Ms. Ruth Sin Ling Tsim, both are Non-Independent Non-Executive Directors, on 1 July 2016.

Our Independent Director, Dato' Abdul Rahim Bin Abu Bakar has indicated in writing that he wishes to retire at the conclusion of the 24th Annual General Meeting. On behalf of the Board of Directors, I would like to record our appreciation to Dato' Abdul Rahim Bin Abu Bakar for his contributions and invaluable services during his tenure as a Board member.

To Westportians, I would like to record my utmost gratitude for your unwavering dedication and invaluable effort for yet another impressive year for our Group. To our customers, business partners, government agencies, shareholders and other stakeholders, I would like to thank for your unyielding confidence and support towards Westports.

Last but certainly not least, I would like to thank my distinguished colleagues on the Board for your valuable support and contribution in making 2016 another great year for Westports.

Tan Sri Datuk G. Gnanalingam
Executive Chairman

CEO'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the management and staff of Westports, it gives me great pleasure as the Chief Executive Officer ("CEO") to present our performance for the financial year ended 31 December 2016, which has been another record-breaking year for us.

OUR PERFORMANCE

Westports has always placed utmost priority on our productivity levels whilst delivering best-in-class services to our customers. In 2016, this relentless focus and the combination of a stronger US Dollar have made Westports even more competitive for liners in making us their preferred port of call.

The combined organic growth and ad-hoc calls have boosted the annual container volume handled by Westports to another all-time high of 9.9 million TEUs, registering a 10% growth as compared to the previous year. At the end of 2016, we have cumulatively handled about 85 million TEUs since the inception of our container operations in 1996.

The non-container or conventional segment also achieved satisfactory throughput growth of 16% in 2016 to 11.8 million metric tonnes. The improvement in volume is attributed to the break bulk and liquid bulk cargo segments.

During the financial year under review, Westports operational revenue improved by 14% to RM1.804 billion with profit-after-tax improving by 26% to RM637 million. The Group has a net gearing of only 0.35 times even after rewarding shareholders with a 75% dividend payout from our profit after tax and also investing RM490 million in capital expenditure.

HUMAN RESOURCE

Westportians are our greatest asset and driving force behind our Group. We have a total headcount of 4,611 Westportians as at December 2016. About 4,039 are operational staff and 572 are support staff. With the exception of 3 expatriates, all our employees are locals.

In 2016, we carried out teambuilding programme for Terminal Tractor Operators ("TTO") being the single largest category of operator in container segment. The programme's objective is to motivate and encourage high team spirit amongst TTO, inculcate good values and achieve the Group's vision and mission.

CEO'S STATEMENT

WIDELY CONNECTED TO MORE THAN
350
PORTS AROUND THE WORLD

CONTAINER THROUGHPUT
+10%
9.9
MILLION TEUS
2015: 9.1 MIL. TEUs

NO OF VESSELS
+3%
9,627
VESSELS
2015: 9,362 VESSELS

Besides providing the staff with extensive training, we also organised a Family Day at Sunway Lagoon Resorts and Theme Park. Many Westportians brought their spouses and children to enjoy a day out in the sun and waves at the crowd-puller theme park. Family comes first at Westports.

CT 8 AND CT 9 PHASE 1 EXPANSION

The record container volume handled had contributed to sustained high levels of terminal and equipment utilisation. Another significant development in 2016 which will culminate in 2017 is the regrouping of almost all the major container shipping lines from four to three global shipping alliances. Each alliance would be significantly larger and to accommodate and cater adequately to their requirements, additional terminal handling capacity would most likely be needed.

Being a supply-driven port that emphasises on providing highly efficient service levels to our clients, added with the earlier mentioned developments, these considerations triggered the need for CT 9 Phase 1 expansion even while CT 8 Phase 2 is being built. To date, CT 8 Phase 1 with the additional wharf facility of 300-metre has been fully completed, and additional Ship-To-Shore cranes and Rubber Tyred Gantry cranes have been commissioned into service. Like the previous expansion, CT 8 Phase 1 experienced active utilisation immediately after it was completed. The total terminal handling capacity as of to date has increased to about 12 million TEUs per year.

The completion of CT 8 Phase 1 has also created employment opportunities for the residents as additional workforce is required, from supporting back-end to the front-end operating the fleet of new terminal operating equipment.

2017 OUTLOOK

The container shipping industry is going through unparalleled development as three global shipping alliances would conquer the bulk of the carrying capacity in almost all the major trade lanes. New global services with re-aligned port

CEO'S STATEMENT

of calls would be introduced. With the high level of ship orders in the previous years, the total supply capacity to be deployed is expected to exceed the global demand.

On the global economic front, growth is expected to remain subdued with potential changes arising from the newly elected President of the United States and Great Britain's vote to leave the European Union. Within this region, China's economy is expected to make a gradual transition to a more modest but sustainable growth. Closer to home, ASEAN economies still have tremendous prospects for further growth in per capita GDP.

Cognizant of these factors, we expect there could be greater variability in the container volume levels in 2017. Nevertheless, we expect container volume to grow at a moderate pace compared to 2016.

ACKNOWLEDGEMENT

I wish to express my heartfelt thanks to all our customers, partners, regulatory authorities, government agencies, staff and shareholders for your invaluable contributions in ensuring another record-breaking year for Westports. With your unwavering support in our "One Team One Dream" aspiration, we will forge ahead towards a better future for Port Klang and Malaysia.

Ruben Emir Gnanalingam
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operational Review

CONTAINER SERVICES

Consolidation And Alliances

In 2016, the two defining features of the continued evolution of the container shipping industry were the consolidation and formation of new major alliances. CMA CGM eventually fully acquired NOL, the Singapore-based holding company of the container shipping line APL. The acquisition reinforces CMA CGM's position as the 3rd largest container shipping line in the world, as measured by carrying capacity. In a government-led directive, China Shipping Container Lines ("CSCL") has been merged, and its container operations transferred to China Ocean Shipping Company ("COSCO") with the new entity emerging as COSCO Shipping, the latter will be China's flagship carrier. Hapag-Lloyd, the 6th largest container shipping line received shareholders' approval to fully acquire and merge with United Arab Shipping Co. ("UASC") to become the 4th largest global liner. Not to be left behind, the three Japanese lines, Nippon Yusen Kabushiki ("NYK") Line, Kawasaki Kisen ("K") Line and Mitsui OSK Line ("MOL"), originating from different keiretsu a century back, also proposed to form a new joint-venture company by mid-2017 to scale up their business operations and to target for operational efficiency savings of $1 billion a year. Before the year ended, Maersk Line, the world's biggest container shipping line, has acquired smaller rival Hamburg Süd and the acquisition would boost Maersk Line's global market share to almost 19%.

The O3 Alliance consisting of CMA CGM, UASC and China Shipping Container Lines Co. ("CSCL") operated until the end of March 2017. There are another three global container shipping alliances; they are 2M, G6 and CKYHE. 2M consists of Mediterranean Shipping Company and Maersk Line while G6 has six lines in the alliance, namely Hapag-Lloyd, Hyundai Merchant Marine, Mitsui O.S.K. Lines, NYK Line, OOCL and APL. And the CKYHE alliance consists of COSCO Shipping, K Line, Yang Ming, the former Hanjin Shipping and Evergreen.

Individual lines of O3, G6 and CKYHE have now formed two new mega alliances from April 2017 onwards. CMA CGM, together with its newly acquired APL shipping line, the

enlarged operations of China COSCO Shipping, Evergreen and OOCL would now form the OCEAN Alliance from April 2017 onwards. Most of the other former individual lines of G6 and CKYHE reconstituted and are now members of THE Alliance, and this alliance consists of Hapag-Lloyd, merger-pending UASC, Yang Ming, Mitsui O.S.K. Lines, NYK Line and K Line. With these regroupings, there will be three mega shipping alliances, OCEAN, THE and 2M, and they contribute more than three-quarter of the global container shipping carrying capacity.

Container Shipping Industry

The container shipping industry witnessed certain positive developments that would augur well for the remaining lines in the medium term. The orders placed for new container vessels fell to a recent record low after many years of high order placements. Nevertheless, the pipeline for delivery of container ships in 2016 was still high due to orders placed much earlier in the previous years. As a result of this, the deployment of newly built container vessels, including Ultra Large Container Vessel ("ULCV") introduced into the long-haul Asia-Europe services, still led to an imbalance whereby the supply of container carrying capacity still outpaced the moderate demand growth for container shipments. The very competitive container freight rates contributed to Hanjin Shipping's predicament whereby the 7th largest global line eventually became bankrupt. In the meantime, financiers and creditors extended their support to Hyundai Merchant Marine to financially restructure the Korean-based line.

The deployment of more ULCV into Asia-Europe services and also the commencement of the widened Panama Canal saw a cascading effect whereby larger vessels were subsequently deployed in most services, including the Asia-Trans Pacific as well as Asia Africa services. This resulted in an imbalance between additional carrying capacity arising from larger container vessels and moderate demand growth contributed to very competitive container freight rates.

The sustained modest global GDP growth helped global container shipping lines to deliver more container boxes in 2016. However, despite carrying greater volume, improved profitability remained elusive to most liners. Fortunately, the lower bunker price has helped to ease the overall cost pressure for global container lines. Against the backdrop of carrying higher volume and registering higher revenue levels but still achieving a lacklustre amount of profitability, the top-tiered global container lines selected to attain even greater

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operational Review (cont'd)

economies of scale by having mergers, acquisitions and joint-ventures. In their ongoing quest for ever better global-level economies of scale and vessels utilisation, container shipping lines remained as cost-conscious as ever.

Lower orders in 2016 would translate to a much more modest supply of new container vessels in the coming years as the expected improved equilibrium ultimately should contribute to improved container freight rates and hence, improved financial strength of these global container shipping lines.

Our Container Volume

Westports has achieved another consecutive year of record container volume by handling 9.9 million TEUs in 2016; this is an increase of 10% over the previous year's volume of 9.1 million TEUs. Transhipment containers were higher by 11% at 7.3 million TEUs while gateway containers grew more moderately by 4% to 2.6 million TEUs. Of the total volume of 9.9 million TEUs, transhipment containers constituted 74% of the containers handled while gateway containers made up 26% of the remaining balance.

Analysing the total container volume by trade lane, 48% of Westports containers are destined for countries and regions within Intra-Asia. These containers were loaded at a port in Asia and were subsequently shipped to another destination port within Asia as well. In 2016, the Intra-Asia container volume grew by 11% to 4.8 million TEUs as the Asia-Pacific region experienced encouraging level of economic growth.

The Asia-Europe trade lane constituted 25% of Westports total container volume, and the boxes handled increased by 10% in 2016 to 2.5 million TEUs. The close collaboration and support between Westports and members of the O3 Alliance have lead to the improved volume in this highly competitive trade lane in the container shipping industry.

The remaining notable volume at the other trade lanes consisted of Asia-Africa at 9%, Asia-Australia at 8% and Asia-America at 8%. Westports experienced substantial growth at the Asia-America trade lane as our shipping liner clients have added more services to this route as the North America's economies continued to enjoy healthy economic growth levels.

Preferred Hub Distribution

We intend to accelerate our position to be a preferred hub for distribution and trading operations in South East Asia.

The seamless and integrated business processes at Westports and its close proximity to Port Klang Free Zone ("PKFZ") with its mixed development comprising of manufacturing activities complemented by amenities designed to facilitate the growth of regional distribution centers or international procurement centers have made PKFZ a preferred distribution hub for many products or commodities such as polymer resin, aluminium ingots, steel, cotton, ammonium nitrate and others. We are preferred due to connectivity, simplified processes, abundance of space, proximity to the market and adequate labour supply among others.

PKFZ complements and presents an apt platform for Westports' realisation as the preferred hub in South East Asia. Coupled with a combination of regional service connectivities, abundance of warehousing space, proximity to regional markets and adequate labour supply among others, strongly positions Westports as a preferred regional distribution hub for these cargoes.

Amongst the commodities which have shown rapid growth over the last 2 years is polymer resin. We initiated effort six years ago to grow this market segment and this initiative continues to expand in 2016 with the addition of 3 new multinational clients hubbing at Westports. In 2016, this sector contributed 143 thousand TEUs and this trend is expected to continue to grow in 2017.

The rapid growth in volume has also resulted in the construction of several dedicated warehouses in PKFZ over the last two years specialising their services to cater for this segment.

Operational Review

Despite the significant changes in the container shipping industry over the last year, Westports continues to be the port of choice for global liners, especially for the Intra-Asia, Asia-Middle East and Asia-Europe trade routes. Large container vessels such as the new UASC Tihama and UASC Al Dahna which respectively packs a mighty 18,800 TEUs capacity and each stretches a Length Overall ("LOA") of 400 metres, made

MANAGEMENT DISCUSSION AND ANALYSIS

their maiden calls at Westports in 2016. ULCV vessels such as CSCL Globe and CMA CGM Vasco de Gama with a capacity of 19,100 and 18,000 TEUs respectively continue to call at Westports in 2016 on their regular services.

The continuous calls by these largest class vessels have unequivocally proven our ability to provide top notch services at cost-competitive rates for the turnaround of any type of vessels. Westports' crane and vessel productivity, which consistently outperformed its peers and competitors, allow fast ship turnaround time or short dwell time, further reducing shipping liners' operating costs. Westports' ability to provide value-added logistics services in or near its port so that they can be seamlessly integrated with mainstream port operations makes Westports the preferred port.

We have consistently met our crane productivity target of between 30 and 35 moves per hour ("mph") and vessel productivity target of 130 to 180 mph. This has placed Westports on the world map as one of the leading container ports for container operations productivity. In 2016, 7,707 container vessels called at Westports compared to 7,693 container vessels in 2015.

In 2016, we handled 2,020 TEUs per metre container berth spanning 4.9 kilometres, and 180 thousand TEUs per Ship-to-Shore ("STS") crane with 55 units. Our capacity utilisation stands at 83% in 2016. These statistics show an improvement of between 2% and 3% compared to 2015 performance.

Container Throughput	2016	2015	%
Million TEUs			
Transhipment	7.3	6.6	+11%
Gateway	2.6	2.5	+4%
Total TEUs	*9.9*	*9.1*	*+10%*
TEUs over Berth – '000	2.02	1.98	+2%
TEUs over STS – '000	180	175	+3%
Capacity utilisation	83%	83%	-

The above results underpinned our confidence in delivering sustainable productivity and the importance of keeping our equipment in reliable condition. Key equipment used are as follows:

Key Equipment	2016	2015
Numbers		
Ship-to-Shore Cranes	55	52
Normal RTG	115	115
Variable Speed RTG	36	30
Hybrid RTG	12	12
Terminal Tractors	513	476
Stackers	26	27

As container terminal capacity is measured through the number of containers it can handle in a year, crane reliability is critically important in enabling smooth operations of a terminal. As such, Westports strictly complies with preventive maintenance program as mandated by the Original Equipment Manufacturers ("OEMs") of the cranes.

We review for obsolescence spare parts or components systematically, which will be replaced with the latest version to achieve optimum efficiency of the cranes. New components will improve energy consumption efficiency and reliability of the cranes.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operational Review (cont'd)

The effectiveness of crane maintenance is measured by the number of moves a crane can handle before it fails, or Mean Moves Before Failure ("MMBF"). The higher the moves the better would be the reliability of the crane, signifying effective maintenance. Westports recorded an improvement on MMBF by 9% for STS cranes and 7% for RTG cranes in 2016 compared to 2015.

Our maintenance team work closely with our suppliers and contractors to ensure their performance is in accordance with the standards set. We have outsourced the maintenance of terminal tractors and stackers to local contractors and monitor their performance with our requirements.

In 2016, we purchased 154 units of TT as replacements and to cater for new STS cranes acquired during the year.

In our effort to reduce carbon footprint, we have continued to purchase energy efficient Variable Speed Rubber Tyred Gantry ("VS RTG") cranes. In this regard, we acquired 6 units of VS RTG cranes during the year. As at 2016, we have 36 units of VS RTG cranes and 12 units of Hybrid RTG ("HRTG") cranes.

Diesel Consumptions	2016	2015	%
Million Litres			
Fuel	45.4	41.8	+9%
Litres/ TEU	4.6	4.6	-

It has allowed the diesel usage to be in tandem with container throughput growth while maintaining the unit usage.

We will work towards making further progress on operational excellence.

Expansion Plan

We reported in the 2015 Annual Report about our expansion plan to develop CT 8, which is being implemented in two phases.

The first phase of the CT 8 expansion has been completed and the 300-metre wharf has been commissioned into operations in May 2016. Four units of STS cranes and six units of VS RTG cranes were deployed to operations. It was further complemented by the completion of the Second Container Gate that became operational in June 2016, a new Second Marshalling Centre building that was operational in October 2016 and the new Maintenance Building which was operational in November 2016 – all these ultimately contributed to CT 8's first phase milestone with the commencement of its full operations in November 2016.

As of the date of this annual report, we have deployed two units of STS cranes and five units of VS RTG to operations. We have received another two units of STS cranes which are in the progress of commissioning and will be in operational by mid-2017.

In the year ahead, we continue with the second phase of CT 8 as well as the first phase CT 9. Key investments planned for the second phase of CT 8 in 2017 are the construction of a second 300-metre wharf which is expected to be completed by mid-2017, the development of the entire container yard envisaged to be completed by end-2017, the delivery of eight units of STS cranes complemented by seventeen units of VS RTG cranes by end-2017, as well as the purchase of associated terminal tractors and trailers.

We have commenced with the construction of a 600-metre wharf of CT 9 and is projected to be completed by end-2017. The remaining activities of CT 9 will be awarded at a later stage.

CONVENTIONAL SERVICES

Conventional services comprise dry bulk, break bulk, liquid bulk, cement cargo and RORO. In 2016, the volume of cargo handled totalled 11.8 million metric tonnes against 10.2 million metric tonnes in 2015, representing a growth of 16%.

MANAGEMENT DISCUSSION AND ANALYSIS

The break bulk segment primarily consists of mixed steel, steel coils and project or general cargo and it represents 15% of conventional volume. Break bulk segment has improved by 13% in 2016 due to increased of handling steel related cargo.

Conventional	2016	2015	% change
Million metric tonne			
Dry Bulk	4.3	4.0	+8%
Liquid Bulk	4.9	3.6	+36%
Break Bulk	1.8	1.6	+13%
Cement	0.8	1.0	-20%
Total Cargo	11.8	*10.2*	*+16%*
RORO – thousand units	141	163	-13%

The dry bulk segment is divided into two categories. In 2016, the agriculture segment such as feed cargo that includes unrefined sugar, feed grains and wheat recorded a growth in volume of 7% due to the increased imports for sugar and grain shipments. The second dry bulk segment comprises of fertilizers and building-related cargo types used by the construction industry. In total, the dry bulk volume contributed 36% to the total conventional business. Lesser demand from the properties and commercial sector saw the cement volume declined by 20% in 2016 arising from lesser imports of cement.

Liquid bulk cargo is categorised into bunker and non-bunker forms. In 2016, bunker performed exceptionally well with the entire volume growth of liquid bulk contributed primarily through bunkers. The key reason for bunker's growth was the re-commencement of bunker service by a new operator in April 2016. Non-bunker volume is comprised of palm oil, petroleum, chemical and liquefied petroleum gas. Its volume declined by 11% mainly due to lower palm oil throughput. Liquid bulk contributed 42% to the overall conventional volume.

RORO vehicles handled decreased to 141 thousand units in 2016 against 163 thousand units in 2015, due to weaker domestic demand. Westports is also Port Klang's primary gateway for the import and export of vehicles as the Company handled 76% of Port Klang's total volume.

This year, our conventional operations handled conventional cargo from 1,920 vessel arrivals.

Conventional operations embarked on several projects to improve vessel's turnaround time in 2016, with a notable project involving the modification of bulk cargo grabs to increase the quantity of dry bulk cargo discharged at any one time. In addition, a window berthing policy for vessel arrivals was also implemented for shipping agents, who are able to provide early vessel arrival information, thus we were able to reduce vessels' waiting time and costs at the liquid bulk terminals.

For the break bulk terminal, conventional operations worked with the port authority and shipping agents to improve the stowage on break bulk vessels to improve vessel productivity.

Our conventional services efficiency is constantly monitored against Fastport Standards ("FS"). FS measures the efficiency of operations covering every aspect of conventional activities extending from pilots and tugs, berths, stevedore gangs and equipment, cargo handling, customs clearance, up to the stage where the cargoes exit from the conventional gate. We constantly strive to outperform the FS to strengthen our position as the port of choice for our current and future customers.

In 2016, we recorded average of improvement of 2% in FS compared to 2015.

MARINE SERVICES

All vessels arriving or departing Westports' terminals use our tugboat and pilotage service. This value-added service is managed with a fleet of 8 harbour tugs.

In 2016, we handled 9,627 vessel movements for both container and conventional terminals. This is an improvement over 2015 by 265 vessels.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operational Review (cont'd)

LOGISTICS AND RENTAL SERVICES

Our efficient container gate system and streamlined customs processes have enabled hauliers to enter and exit from our terminals on an average of 20 minutes.

With the opening of the Second Container Gate, which has a total of 14 lanes dedicated for outbound traffic, the existing 14 lanes at the First Container Gate have been dedicated to inbound traffic. Currently 10 lanes at the Second Container Gate are fully operational with the remaining lanes to be deployed for operations in the future when there is a need.

Meanwhile, demand for common storage facilities has softened as more cargoes are being moved via containers. On-dock depots ("ODD") demand remains high with major customers setting up facilities at our port precinct to repair and clean containers.

To our landed container customers who lease warehousing facilities, we provide internal haulage services to facilitate the movement of containers to and from the container yards or ODD to support container freight station services.

MANAGEMENT DISCUSSION AND ANALYSIS

IT INITIATIVES

We always strive to identify the best possible ways of leveraging on technologies and applications to service our customers better. A step towards technological advancement was the launching of our self-service Kiosk Project at the Second Container Gate which went "live" in June 2016. It is a semi automated system to provide improved services for our customers, whilst improving our operational efficiencies at the Gate. The kiosk features an automated barrier function with ability to verify individual container gate pass and custom clearance as well as verification of security clearance for the individual haulier drivers. This project has reduced manpower required for the gate operations and intrinsically alleviated congestion at our First Container Gate – hence contributing to increased efficiency in handling higher local container volumes. With increasing local container volumes, we are able to maintain the set target of a turnaround time of 20 minutes between gate in and gate out with these technological improvements.

During the year, we made a number of enhancements to our internal systems and processes, in-line with the international convention for Safety Of Life At Sea Amendment ("SOLAS"). This requirement, which became legally binding effective from 1st July 2016, makes container weight verification a prerequisite condition before it is being loaded on a vessel.

Concurrently, we worked closely with industry stakeholders and was successful in meeting the aforesaid timeline by offering marine certified weighing services. This task included a new function under our eTerminal Plus website, namely e-SOLAS, which serves as our electronic platform for SOLAS declarations by appointed forwarders or shippers. The module also includes a reporting tool with multi criteria search functions, the international standard VERMAS Electronic Data Interchange ("EDI") option, automated detection of individual truck head and trailer weight at our weighbridge facilities for container weight calculation, generation of certified weight slips and lastly the invoicing function for SOLAS-related billing. The application has been designed to cater to various inbound entry points having varying processes such as from our main container gate, rail, barge, warehouse and the Port Klang Free Zone.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

The Group recorded gross revenue of RM2.035 billion in 2016, which is an improvement of 21% compared to 2015. Operational revenue increased by 14% to RM1.804 billion, and the growth was mainly attributable to increase in container throughput and the number of ships calling at Westports.

Revenue	2016 RM million	2015 RM million	% of change
Container	1,536	1,316	+17%
Conventional	147	144	+2%
Marine	84	82	+2%
Rental	37	35	+6%
Dividend Income	-	1	n/a
Operational Revenue	**1,804**	**1,578**	**+14%**
Construction revenue	231	104	+122%
Gross Revenue	**2,035**	**1,682**	**+21%**

The construction revenue grew by 122% to RM231 million due to ongoing construction of CT 8 infrastructure facilities. It is more appropriate to exclude construction revenue for the purposes of evaluating our operational performance. In accordance with IC interpretation 12, construction revenue equals to the fair value of port-related infrastructure that is under construction, based on the stage of completion of the work performed. The fair value of such infrastructure is deemed to be the cost of construction as well as any additional construction-related cost. As construction works are contracted out to external third parties, the construction revenue reported is netted off at the gross profit level by having the equivalent amount of construction cost.

Container Revenue

Container revenue comprised of Terminal Handling Charges ("THC") for gateway and transhipment containers and also income generated from Value-Added Services activities ("VAS"). Container revenue contributed 85% to the operational revenue in 2016, improving from 83% reported in 2015. Container revenue grew by 17% to RM1.536 billion in 2016 while the container throughput has increased by 10% to 9.9 million TEUs. Container revenue actually increased at a faster rate than container throughput due to the tariff revision applied to gateway and transhipment containers handled. THC revenue rose by 18% to RM1.348 billion compared to corresponding period last year while VAS revenue increased by 8% to RM188 million in 2016 with growth mainly derived from reefer service activities.

Conventional Revenue

Conventional revenue is generated from the handling of non-containerised cargo consisting mainly of break bulk, dry bulk, cement, liquid bulk, roll-on-roll-off ("RORO") cargo services and other sundry income. Conventional revenue accounted for 8% of operational revenue in 2016, which is a marginal decline from 9% in 2015.

Conventional throughput increased by 16% to 11.8 million tonnes compared to the previous year. Despite the increase in throughput, conventional revenue recorded a mere 2% growth to RM147 million for 2016 as the RORO and cement cargo recorded decline in revenue, which offsetted the higher revenue registered at other cargo services when compared to the previous year.

The break bulk cargo segment achieved a throughput of 1.8 million tonnes in 2016, an improvement of 13% when compared to 2015. However, revenue has decreased by 1% due to volume mix and also direct cargo-handling approach which had resulted in lower unit revenue. Dry bulk cargo throughput recorded growth of 8% to 4.3 million tonnes in 2016 while revenue grow at 7% compared to last year.

Cement cargo throughput was at 0.8 million tonnes in 2016, which was lowered by 20% when compared to the throughput recorded in 2015 due to lesser new major construction related activities. Cement cargo revenue also declined by 20%, which was in line with the throughput level of decline.

MANAGEMENT DISCUSSION AND ANALYSIS

RORO throughput reduced by 13% to 141 thousand units of vehicles in 2016, which was broadly due to the increase in car prices arising from a weaker Ringgit, more stringent financing vetting by financial institutions and lower consumer confidence – all these resulted in a decline in the sales of imported vehicles. Revenue from RORO declined by a lesser rate of 2% due to the composition mix of imported vehicles.

Liquid bulk cargo recorded a significant increase in throughput of 36% to 4.9 million tonnes in 2016 when compared to the previous year. The improvement was mainly attributable to bunker volume as a new operator commenced operations in April 2016. There was no bunker volume in 2015. Correspondingly, the liquid bulk revenue also improved by 3% in 2016 due to the volume mix.

Marine Revenue

Marine revenue is derived from fees earned from the provision of tug boat services and pilotage services. Marine revenue accounted for 5% of the operational revenue for both 2016 and 2015.

The marine revenue recorded a growth of 2% to RM84 million in 2016 and the increase in marine revenue was in tandem with the 3% increase in the number of vessels calling at Westports.

Rental Revenue

Rental revenue is generated from the rental of our facilities, including the sublease by landed clients for warehouses, open yard, on-dock depots and office space in the business centre. Rental revenue accounted for 2% of the operational revenue for both 2016 and 2015.

The rental revenue recorded an increase of 6% to RM37 million in 2016 mainly due to the increase in multi-tier rental rates charged to certain categories of landed clients. However, the increase was partially offsetted by lower rental from warehouses as there was a reduction in the total storage space required by these customers.

COST OF SALES

Gross cost of sales increased by 31% to RM1.044 billion in 2016 with operational cost having increased by 17% while construction cost increased by 122%. The increase in construction cost was explained earlier in the revenue section. It is also appropriate to exclude construction cost for the purposes of measuring our operational performance.

Operational cost of sales are categorised as per table below.

Cost of Sales	2016 RM million	2015 RM million	% of change
Container	331	242	+37%
Manpower	182	169	+8%
Depreciation & amortisation	145	132	+10%
Fuel	64	70	-9%
Marine	36	31	+16%
Electricity	33	29	+14%
Conventional	22	23	-4%
Operational Cost of Sales	**813**	**696**	**+17%**
Construction Cost	231	104	+122%
Gross Cost of Sales	**1,044**	**800**	**+31%**

Container cost comprised of marketing expenses, maintenance and repair expenses for the fleet of terminal operating equipment for container operations and outsourced expenses for container operations. The increase in container costs were mainly attributable to higher marketing and repair and maintenance costs.

The marketing cost has increased mainly due to the difference between the new tariff rates (which was gazetted and subsequently implemented in November 2015) and Westports existing tariff terms with shipping lines. Given the portfolio of clients that Westports has, the new tariff rates for shipping lines would be implemented after concluding negotiations with them upon expiry of the existing terminal services agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review (cont'd)

The higher repair and maintenance cost is due to additional fleet of terminal operating equipment, including those deployed at the recently completed CT 8, which contributed to higher scheduled maintenance and repair costs. Container cost is the largest cost component in the overall operational cost of sales, which accounted for 41% in 2016 compared to 35% of cost of sales in 2015.

Manpower cost increased by 8% to RM182 million in 2016 due to annual salary increments and additional manpower head count. The operational manpower head count has increased by 345 to 4,039 staff in 2016. Manpower cost remained as the second biggest cost item in 2016 with 22% of total operational cost of sales, compared to 24% in 2015.

Depreciation and amortisation cost increased by 10% in 2016 mainly due to the progressive capitalisation for the first phase of CT 8's infrastructure and fleet of terminal operating equipment. The depreciation and amortisation cost comprise of depreciation charge of terminal operating equipment while amortisation was related to concession assets and dredging expenses. The depreciation and amortisation cost decreased by 1% to 18% as a component of total operational cost of sales in 2016.

Fuel cost reduced by 9% to RM64 million and it is attributed to the decrease in global fuel price, but offset partially by the Ringgit's depreciation. Fuel was consumed by the terminal operating equipment such as TT's, RTG cranes, stackers, forklifts and tug boats. Fuel cost has reduced by 2% to 8% as a component of total operational cost in 2016.

Marine cost has increased by 16% in 2016 due to the charter of one additional unit of tug boat to cater for the increase in the number ship calls and also the increase in charter hire rate upon renewal of a contract. Marine cost comprised of hiring cost for tug boats and pilot boats, berthing, unberthing and mooring expenses.

Electricity cost increased by 14% to RM33 million in 2016. The higher rate of increase in electricity cost when compared to container throughput is due to additional STS cranes and higher electricity usage by reefer containers. The bulk of electricity consumption is attributed to STS cranes and reefer containers.

Conventional cost reduced to RM22 million in 2016 due to the volume mix of cargoes being handled at the port. Conventional cost include charges for the provision of stevedoring services relating to break bulk operations, handling services and maintenance cost of dry bulk equipment.

GROSS PROFIT

Gross profit ("GP") improved by 12% to RM991 million as a result of the increase in operational revenue of 14% while having higher rate of increase in operational cost of sales by 17% as explained above. The resulted GP margin has decreased marginally to 55% in 2016 from 56% recorded in 2015.

Results	2016 RM million	2015 RM million	% of change
Operational Revenue	1,804	1,578	+14%
Operational Cost of Sales	(813)	(696)	+17%
Gross Profit	**991**	**882**	**+12%**
Other Income	33	6	+450%
Administrative Expenses	(36)	(28)	+29%
Other Expenses	(169)	(146)	+16%
Operating Profit	**819**	**714**	**+15%**
EBITDA	**987**	**869**	**+14%**
Gross profit margin	55%	56%	
Operating profit margin	45%	45%	
EBITDA margin	55%	55%	

OTHER INCOME

Other income comprised of payments from conventional customers who were unable to meet their guaranteed conventional throughput commitments and also other sundry income.

Other income increased to RM33 million, were due to gain on the disposal of investment in quoted shares in 2016 and sundry income.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Administrative expenses comprised of professional fees, travelling and entertainment expenses, provision for doubtful debts and general administrative expenses.

Administrative expenses increased by 29% to RM36 million in 2016 mainly due to impairment loss on trade receivable arising from the bankruptcy filing by Hanjin Shipping Company amounted to RM9.3 million.

OTHER EXPENSES

Other expenses consisted mainly of manpower costs relating to non-operational staff, IT related expenses, general repair and maintenance costs, lease expenses, staff-related costs, other depreciation cost, insurance, property, plant and equipment ("PPE") written off, promotion and advertising as well as utilities cost.

Other expenses increased by 16% to RM169 million in 2016. It was mainly attributable to higher non-operational employee related cost, increase in non-operational depreciation arising from higher capital expenditure on IT, increase in insurance premium and written off on PPE amounted to RM13.7 million.

OPERATING PROFIT

Operating profit has increased by 15% to RM819 million in 2016 mainly due to higher gross profit, gain on disposal of investment in quoted shares, partially offset by written off on PPE and impairment loss on trade receivable. The operating profit margin maintained at 45% in 2016.

EBITDA

Earnings before interest, tax, depreciation and amortisation ("EBITDA") grew by 14% to RM987 million in 2016. EBITDA, in comparison to operating profit, registered lower growth mainly due to lower percentage of increase of depreciation and amortisation costs in comparison to other expenses. Accordingly, the EBITDA margin had maintained at 55% for both years.

Results	2016 RM million	2015 RM million	% of change
Operating Profit	819	714	+15%
Finance Income	13	15	-13%
Finance Expenses	(77)	(79)	-3%
Profit Before Tax	**755**	**650**	**+16%**
Taxation	(118)	(145)	-19%
Profit After Tax	**637**	**505**	**+26%**
PBT margin	42%	41%	
PAT margin	35%	32%	
Effective tax rate	16%	22%	

** PBT and PAT margin computed from operational revenue*

FINANCE INCOME

Finance income decreased by 13% to RM13 million in 2016 due to lower excess bank balances available for fixed deposits compared to 2015.

FINANCE EXPENSES

Finance expenses comprised of profit payments pursuant to Sukuk Medium Term Note ("SMTN") and concession liability charges pursuant to the Lease Agreement.

Finance expenses decreased by 3% to RM77 million in 2016 primarily due to lower accretion of service concession obligation cost.

PROFIT BEFORE TAX ("PBT")

PBT improved by 16% to RM755 million mainly attributed by the increase in revenue, slower growth in expenses, gain on the disposal of investment in quoted shares partially offset by impairment for PPE and impairment loss on trade receivable in 2016. The PBT margin has improved to 42% from 41% in 2015.

PROFIT AFTER TAX ("PAT")

PAT has increased by 26% to RM637 million in 2016. Tax expenses were lowered by 19% to RM118 million in 2016 due to tax incentive received for the capitalisation of port infrastructure and TOE for the first phase of CT 8. Accordingly, the effective tax rate in 2016 is 16% compared to 22% in 2015. The PAT margin is 35% in 2016 compared to 32% in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review (cont'd)

Cash Flows	2016 RM million	2015 RM million	% of change
Operating profit before working capital changes	*988*	*875*	*+13%*
Net cash generated from operating activities	938	771	+22%
Net cash used in investing activities	(361)	(322)	+12%
Net cash used in financing activities	(554)	(498)	+11%
Net increase/(decrease) in cash and cash equivalents	**23**	**(49)**	**+147%**
Opening cash and cash equivalents (less pledged deposits)	365	414	-12%
Closing cash and cash equivalents (less pledged deposits)	**388**	**365**	**+6%**

CASH FLOWS

Cash and cash equivalents less pledged deposits have increased by 6% to RM388 million in 2016. Net cash generated from operating activities has increased by 22%, of which the increase of 13% is attributable to operations while the increase of 9% were due to increase in trade receivable, increase in tax payment and partially offset by increase in trade payables. In 2016, investing activities increased by 12% due to increase in capital expenditure and was partially offset by proceeds received from disposal of investment in quoted shares and proceeds received from Government of Malaysia. Net cash used in financing activities increased by 11% due to the increase in dividend payments.

TOTAL ASSETS

The Group total assets increased by 8% to RM4.349 billion as at 31 December 2016, attributed by the increase in PPE, concession assets, trade receivables, cash and cash equivalents and offset by disposal of investment in securities. The increase in PPE and concession assets were primarily due to progress payments for CT 8 terminal operating equipment and ongoing infrastructure works.

TOTAL LIABILITIES

Total liabilities increased by RM149 million to RM2.280 billion in 2016. The increase were due to trade and other payables, offset by the reduction in service concession obligation and tax payables. The debt-to-equity ratio is at 0.35 times in 2016 compared to 0.40 times in 2015.

SHAREHOLDERS' EQUITY

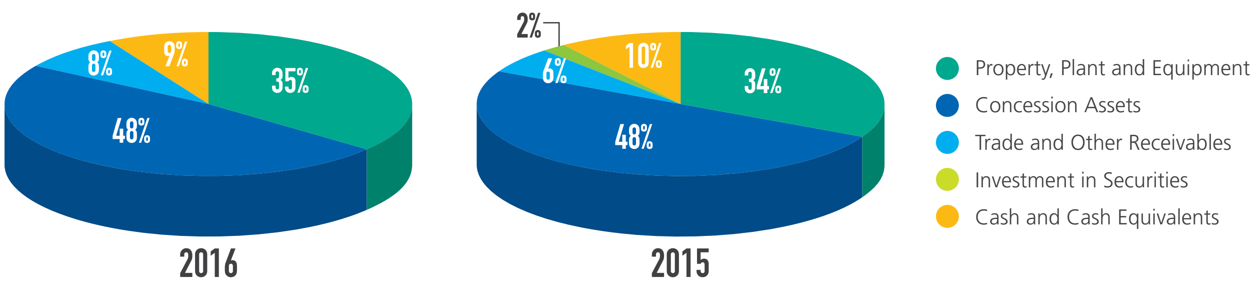
Shareholders' equity increased by RM171 million in 2016 due to PAT of RM637 million but offset by dividend payment of RM446 million to shareholders and reduction of fair value reserve of RM20 million. Return on Equity for 2016 is 31%, which is an improvement from 27% recorded in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Summarised Group Statements of Financial Positions

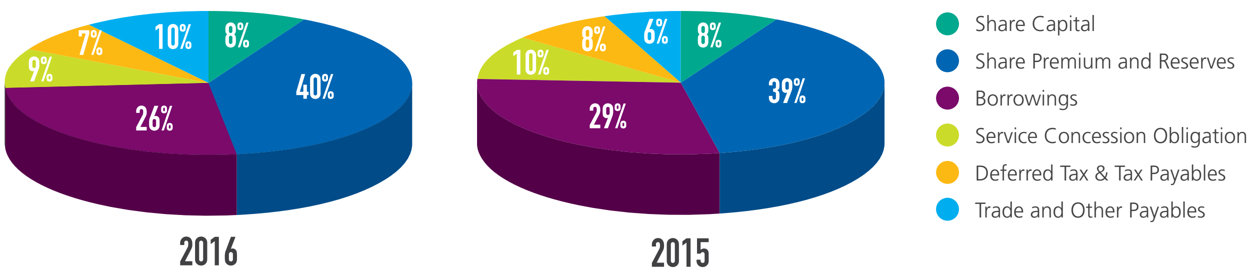
TOTAL ASSETS (RM MILLION)

	2016	2015
Property, Plant and Equipment	1,515	1,370
Concession Assets	2,074	1,921
Trade and Other Receivables	339	240
Investment in Securities	-	103
Cash and Cash Equivalents	421	396
Total Assets	4,349	4,030



TOTAL EQUITY AND LIABILITIES (RM MILLION)

	2016	2015
Share Capital	341	341
Share Premium and Reserves	1,728	1,557
Total Equity	2,069	1,898
Borrowings	1,150	1,150
Service Concession Obligation	369	399
Deferred Tax and Tax Payables	317	327
Trade and Other payables	444	256
Total Liabilities	2,280	2,132
Total Equity and Liabilities	4,349	4,030



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MANAGEMENT DISCUSSION AND ANALYSIS

2017 Outlook

Global economic growth is expected to remain subdued this year following the potential changes arising from the newly elected President of the United States and Great Britain's vote to leave the European Union. Meanwhile, China's economy is expected to make a gradual transition to a slower but more sustainable growth – this actually should augur well for the region. Against the backdrop of these developments, the outlook for the developing Asia-Pacific region remains positive despite some weakness in global growth and external demand due to favourable domestic consumption and investment growth.

The ripple effect of these events had affected certain segments of the economy but the International Monetary Fund (IMF) remained upbeat and expects the Malaysian economy to have reasonable growth in 2017.

Given the subdued momentum of the global economic growth, Westports volume growth is expected to be at a moderate pace as well.

The global container shipping lines have now consolidated into three major alliances. In order to better serve the new alliances, the Group embarked on CT 8 Phase 2 and CT 9 Phase 1. These major developments will reinforce Westports' strength as one of the leading regional transhipment ports.

MANAGEMENT DISCUSSION AND ANALYSIS

Investor Relations

Westports is committed to maintaining a strong relationship with our investors. We engage continuously with our investors and equity analysts to keep them updated with our operational and financial performance and also prospects to enable them to make informed decisions about their investment in our Company. The engagement meetings with our investors and equity analysts are attended by the Chief Executive Officer, Chief Financial Officer, Head of Commercial, Head of Marketing or Head of Investor Relations.

QUARTERLY FINANCIAL RESULTS AND ANALYST COVERAGE

Upon releasing the quarterly financial results to Bursa Malaysia, Westports issues press releases and conducts briefings or conference calls with equity analysts and fund managers. The briefings or conference calls are to provide a balanced and updated perspective of our operational and financial performance, expansion plan, and the Company's prospects and outlook. They also serve as a platform for analysts and fund managers to seek clarification and have their queries responded to by the Company. 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 Malaysia. There is a total of 18 local and regional equity analysts covering Westports actively.

MEETINGS, CONFERENCES AND ROADSHOWS

While Westports continues to attract interest from local and international investors, it also recognises the importance of maintaining regular contact and building rapport with local and international investors. To achieve these objectives, our investor relations initiatives include one-to-one meetings with investors, participation in major investment conferences and engaging investors in non-deals roadshows covering the major financial market centres in Singapore, Hong Kong, United Kingdom and United States of America. Westports has participated in a total of 17 conferences and non-deals roadshows locally and internationally in 2016. In addition to that, we have also hosted and accommodated a total of 53 meetings, port tours and conference calls with analysts and investors who want to be informed and also updated with an understanding of Westports and the industry the Company is operating within.

INCLUSION INTO INDICES

Westports has been included into the FTSE4Good Bursa Malaysia Index in December 2016. The FTSE4Good index consisted of public listed companies that are demonstrating strong Environmental, Social and Governance ("ESG") practices. Westports was included into the Amsterdam-based Global Property Research's GPR Pure Infrastructure Index Series in June 2016. Back in 2015, Westports was included in the MSCI Malaysia Index and also in the FTSE Bursa Malaysia KLCI index which comprises the 30 largest companies listed on the Main Board of Bursa Malaysia. These inclusions reflect international and local investors' interest, investment and confidence in the Company. Westports is now 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 became the 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 declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subjected to our shareholders' approval. Our financial capacity to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including:

MANAGEMENT DISCUSSION AND ANALYSIS

Investor Relations (cont'd)

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans;
- our working capital requirements; and
- our existing and future debt obligations.

We propose to pay dividends out of cash generated from our operations after setting aside the necessary funding for capital expenditure and working capital requirements. As part of this policy, our Company targets a dividend payout ratio of not less than 75% of our consolidated profit attributable to our equity holders under MFRS and IFRS, beginning 1 January 2013.

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

DIVIDEND

For the financial year ended 31 December 2016, Westports has declared dividends amounting to RM477.4 million, as follows:

- 1st interim dividend of 7.30 sen per share amounting to RM248.9 million, paid on 23 August 2016; and
- 2nd interim dividend of 6.70 sen per share amounting to RM228.5 million, paid on 8 March 2017.

The total dividend declared to our shareholders represents 75% of the Company's profit after taxation for the financial year ended 2016. It represents a total payout of 14.0 sen per share.

SHAREHOLDER BASE

As at 31 December 2016, Westports had 4,894 shareholders comprising of institutional, private and retail shareholders holding a total of 3.41 billion shares. Foreign shareholdings interest in Westports was 36.39% as at 31 December 2016 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 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Stock Trading Performance

In 2016, Westports' share price outperformed the benchmark FTSE Bursa Malaysia KLCI Index by achieving a share price appreciation of 4% for the year. The share price performance reflected increased investors' confidence, interest and investments in Westports as the Company reported strong operational performance growth and operational profits throughout the year. Westports' share price closed at RM4.30 for the year.

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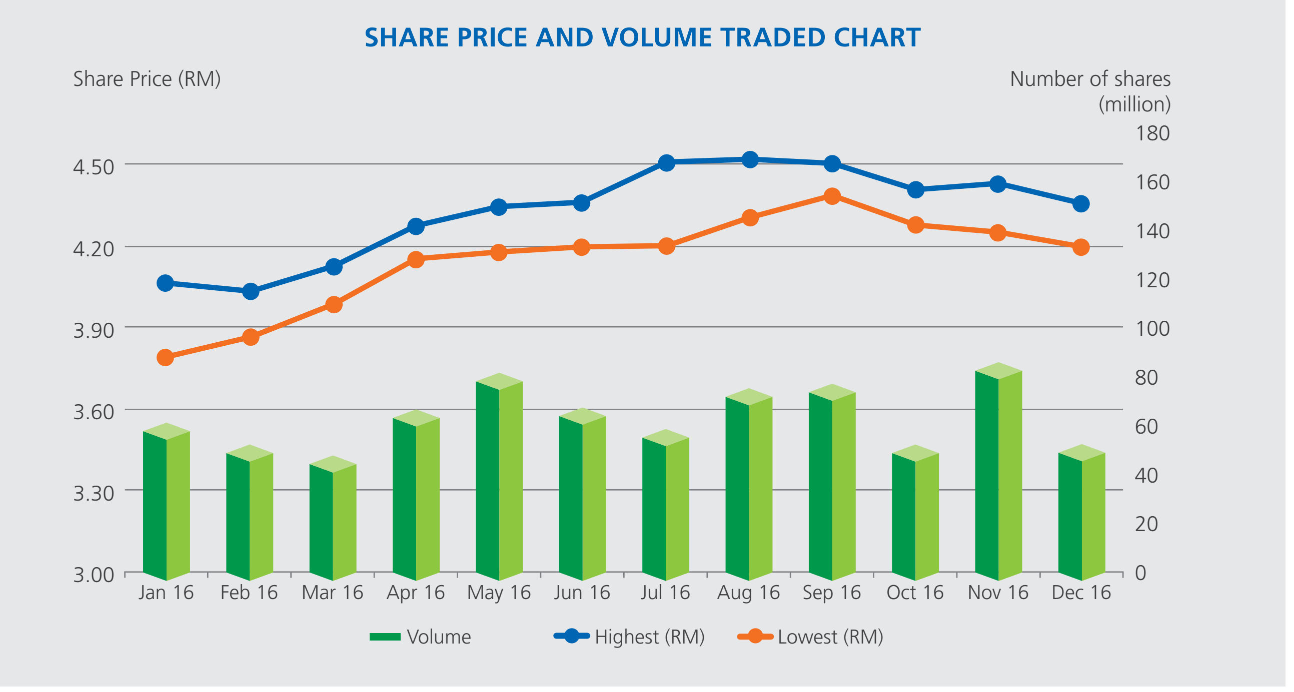
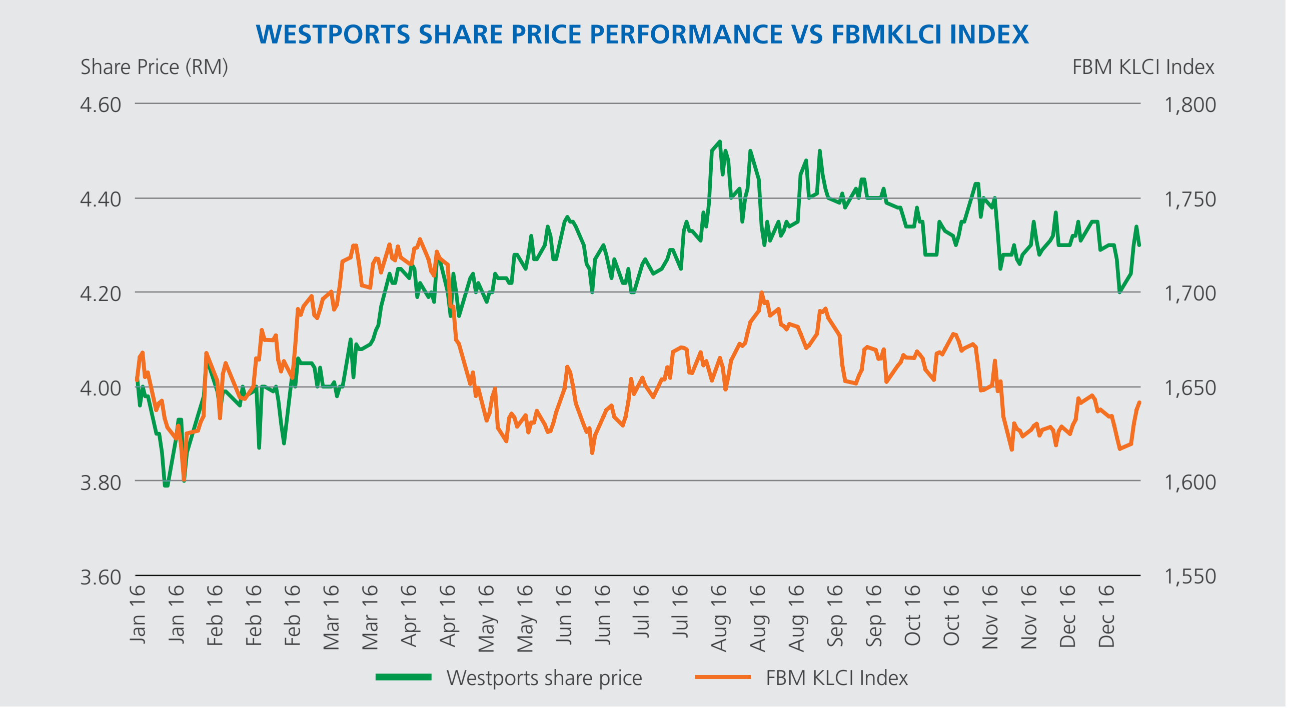
Stock Trading Performance (cont'd)





MANAGEMENT DISCUSSION AND ANALYSIS

Risk Profile

Risk is an inherent component of doing business. The objective of risk management is to provide a systematic means to identify, prioritise and manage risks. By embedding risk management in business processes, we would be able to manage risks arising from operating environment.

Our risk appetite and tolerance for risk dictate the nature and level of risks that are acceptable to us. We have a comprehensive risk register with review carried out on quarterly intervals. New risks identified are included and risks no longer applicable are excluded from the risk register. The key risks item that have higher impact on our business are elaborated below along with our mitigation plans.

KEY RISK 1 - NON-DESIGNATION BY MAIN LINE OPERATORS ("MLO") AS THEIR ONLY REGIONAL TRANSHIPMENT HUB

Impact

Individual members of the O3 Alliance (CMA CGM, CSCL and UASC) back then designated Westports as their regional transhipment hub, whereby most of their regional transhipment requirements go through Westports. In 2016, CMA CGM acquired NOL-APL while CSCL-COSCO were being merged – these have contributed to significantly larger MLOs.

CMA CGM and COSCO will now be members of the OCEAN Alliance. Individually, the total container throughput of these merged entities are also much higher and as such, not all container throughput would pragmatically be handled by Westports.

Mitigation

Westports strengths are in its best-in-class service levels, world-class productivity level, IT capabilities, competitive overall port charges and excellent responsiveness to customers requirements. These enlarged merged MLOs will consider these factors when selecting their choice of regional transhipment hubs.

CMA CGM has stated that dual hubbing would be utilised in South East Asia while the new OCEAN Alliance has included Port Klang as one of its regional hub in South East Asia.

KEY RISK 2 - REDESIGNATION OR REALLOCATION OF SOME SELECTED STRING OF SHIPPING SERVICES

Impact

The new global alliances (i.e. OCEAN Alliance consisting of CMA CGM, COSCO Shipping, Evergreen and OOCL and THE Alliance consisting of Hapag Lloyd-UASC, MOL, NYK, K Line and Yang Ming Line) are expected to commence global operations in April 2017.

The new global alliances are expected to provide some different string of shipping services as they fine-tune their service offerings to capitalise on the inherent strengths of the different individual members of the alliances and also to accommodate to their ultimate beneficial cargo owners.

These fine-tunings could result in the redesignation or reallocation of some or selected string of shipping services where they could call other regional ports beside or in addition to Westports, thereby potentially influencing the total container volume being handled by Westports.

Mitigation

The first mitigating factors as highlighted in key risk 1. Additional mitigating factors are as follows:

The new global alliances are much larger than the O3 Alliance that Westports catered to previously and hence, even with the prospects of some or selected string of shipping services calling at other regional ports beside or in addition to Westports, the total container volume is expected to remain sizable.

There is a reasonable probability that the new global alliances such as OCEAN Alliance and THE Alliance may adopt the dual hubbing approach as well to handle the South East Asia regional transhipment volume.

MANAGEMENT DISCUSSION AND ANALYSIS

Risk Profile (cont'd)

KEY RISK 3 - CHALLENGING MACRO ECONOMIC DEVELOPMENTS

Impact

The current global trading arrangements could see some changes as Great Britain prepares to exit from the European Community while the newly elected President Trump of United States has made some promises towards favouring its domestic industries during his campaign trail. Hence, slowdown in international trade could have some adverse impact on the regional transhipment volume. While on the domestic economy, the relatively weaker Ringgit and more modest GDP growth could also adversely affect consumer confidence.

Mitigation

Almost half of Westports container volume are between countries in intra-Asia. In recent years, Westports volume growth has in-part relied on ASEAN and other regional economic growth and favourable developments.

If container throughput does slow down, necessary steps would be taken, including controlling discretionary expenses, scrutinising volume-related costs, reviewing capital expenditures, reviewing financial position at regular intervals and also intensifying marketing initiatives and engaging with existing and new clients.

KEY RISK 4 - CUSTOMER CONCENTRATION

Impact

Due to the ongoing consolidation in the container shipping industry, a sizable portion of the overall container revenue is derived from a few key MLOs.

Mitigation

With almost half of Westports container volume are between countries in intra-Asia, some of the companies involved in these regional trade are relatively niche and smaller regional container shipping lines.

For the major MLOs, the focus on customer retention mitigates the risk of client or account changes. We strive to ensure our productivity level and overall customer satisfactions are our top priorities. We have close ongoing engagement with customers and obtain regular feedback on our operational performance. We aim to improve our service levels on areas of concerns highlighted by our customers. Thus far, we have been able to successfully overcome such issues and challenges to meet the requirements of our clients.

KEY RISK 5 - DEVELOPMENT OF NEW PORT

Impact

There are currently two port operators in Port Klang. The government has received proposals to set up a new port. Westports container throughput volume might be affected by the new port.

Mitigation

In order for a container terminal to operate successfully, it would need to have sufficient transhipment or gateway container volume as well as adequate vessels calling at the port. Westports has established itself as a productive and cost efficient terminal catering to MLOs regional transhipment requirements while catering to especially the Klang Valley's gateway volume.

In order to meet and accommodate near-future requirements, Westports has embarked on CT 8 expansion since 2015 and the first phase of CT 9 development in the latter part of 2016. The additional terminal handling capacity, equipment and infrastructure facilities as well as our proven track record should put Westports in a strong competitive position to continue to cater and meet our shipping clients needs besides fulfilling our hinterland's gateway requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY RISK 6 - CURRENCY FLUCTUATION RISK

Impact

The relatively weaker Ringgit against foreign currencies, especially the US Dollar, has caused an increase in our purchase price for certain items which are denominated in foreign currencies. The main exposure is the purchase of STS cranes and RTG cranes as these are denominated in US Dollar.

Fuel price has increased due to a relatively stronger US Dollar but the net impact is muted due to lower global fuel prices.

Our revenue is denominated in Ringgit and hence, is not affected by currency fluctuations.

Mitigation

Westports do not hedge against currency fluctuations as our main exposure is only confined to the purchase of cranes. The progress payment for cranes is over a period of more than three years and currency fluctuations should average out the peaks and troughs.

The stronger US Dollar indirectly will enhance the competitiveness of Westports especially with regards to being one of the key regional transhipment hub as the US Dollar is the main operational currency for MLOs and the shipping industry.

We have another 81 risk items in the risk register which are categorised as low risk covering every aspect of our operational areas.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Strengths

We are well positioned to maintain as one of the largest and most efficient gateway port operator in Peninsular Malaysia and leading transshipment hub. We are able to achieve this dominant position due to our strengths and capabilities as described below:

a. Strategic location with strong connectivity with the ports around the world

We are located in Port Klang, approximately 12 nautical miles from Straits of Malacca shipping trade line with sailing time of approximately 1 hour to the pilot station. Straits of Malacca is the second busiest waterway in the world after the English Channel. More than 50,000 vessels sail through the Straits of Malacca annually. It serves as the shortest trading route between countries in African continent, European and Middle Eastern sub-continent, Indian sub-continent to Far East Countries such as China, South Korea, Japan, Taiwan and South East Asian countries.

Transshipment port

We are a transshipment hub serving two types of transshipment, namely Hub & Spoke and Relay.

- Hub & Spoke transshipment is a scenario whereby one port acts as a transshipment "Hub" with many smaller ports around it called as "Spoke" ports. Main line vessels call on the Hub port and load or discharge containers destined for or originated from the smaller ports (Spoke) located around this Hub port. The movement between Hub and Spoke ports are undertaken by feeder vessels.

- Relay transshipment port involves two main line vessel tranships at a port at which both vessels call. The container is discharged by first main line vessel at the port and the same container will be moved to the second main line vessel bound to the final destination.

The transshipment hub has made Westports well-connected with more than 350 ports around the world, providing customers with an efficient global and regional connectivity along major trade routes. We are able to provide such connectivity through approximately 71 main line services calling at our port which are complemented by approximately 78 feeder services.

In Port Klang, our market share represents 76% in 2016. Westports handled 7.3 million of TEUs accounting for 82% of transshipment volume in Port Klang recorded in 2016.

Gateway port

Port Klang is the hinterland gateway for import and export of cargo for Klang Valley covering Kuala Lumpur and Selangor; and Central part of Peninsular Malaysia covering Negeri Sembilan, Pahang and Perak. This hinterland is estimated to have a population of 10 million people based on July 2010 population statistics which represents 34% of the Malaysian population. Klang Valley is the heartland of Malaysia's industry and commerce with industrial and commercial hubs located in Shah Alam, Petaling Jaya and PKFZ. Our strategic location has ensured stable growth of import and export cargo through Port Klang, providing an attractive base load of demand for shipping lines calling at Port Klang.

Numerous intermodal connections within Peninsular Malaysia and with neighbouring countries have also contributed to our position as a preferred gateway for import and export cargo. The extensive highway network runs North to South bordering with Thailand in North and Singapore in South has given good connectivity. This network along with the Western connectivity expressway plays an important role in the distribution of cargo between Port Klang and its hinterland. Westports has the capability to use the rail network to connect to Penang and Bangkok in the North and Singapore in the South as well as use of inland depots located in strategic locations along the rail network in Ipoh, Nilai, Padang Besar and Segamat Cargo Terminals.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2016, Westports handled 2.6 million TEUs container gateway cargo which represents a market share of 62% of Port Klang gateway TEUs and the largest gateway container TEUs handled in Malaysia.

Westports handled conventional cargo of 11.8 million metric tonnes of bulk cargo which represents market share of 62% in Port Klang.

b. Geographic attributes with linear berth and surrounding amenities

Our geographical location makes us attractive to our customers. The channel fronting our berths is a protected harbour naturally sheltered by an island that buffers our terminal from strong currents as well as against possible damage from potential tsunamis. This natural shelter eliminates the need to construct costly artificial breakwaters.

Westports is located at the southern approach of Port Klang which has a deeper channel of at least 17 metres compared to northern approach. Southern approach has shorter travel time compared to northern approach. The deeper channel and shorter distance have attracted many Main Line Operators ("MLO") to call on Westports which further strengthened our transhipment hub position.

Container Terminals ("CT") 6, CT 7 and CT 8 are our deepest berths. At 17.5 metres deep, they are capable of handling the largest vessels in service.

We have a total of 28 berths with 7.5 km length of which 21 berths are continuously connected in 4.9 km straight line, providing a maximum usable quay length and flexibility in berthing vessels. Container yard measuring 150.8 hectares along our container berths provides ample space for efficient manoeuvring, storage and retrieval of containers which is integral to our operations.

Westports enjoys easy and convenient access to PKFZ, an integrated 405 hectares customs-free commercial and industrial zone next to the port where international cargo distribution and consolidation, procurement, export manufacturing and other cargo value added services are undertaken. PKFZ attracts investors through various investment incentives such as tax exemptions, subsidies, incentives for research and development, training and export.

There is also adequate land surrounding Westports that supports the operations of a well-established ecosystem of shippers, freight forwarders and third party logistics service providers and provides them space for future growth.

c. Expansion plan

Westports has a long term concession from the Government of Malaysia to operate the port until 2054. This provides us the assurance to make further long-term investments in port infrastructure and enhances customer's confidence in our ability to support their operations and growth.

We had commenced expansion plan to CT 8 in 2015 over two phases with the first phase of 300 metres of wharf and necessary handling equipment being completed in November 2016. The second phase of 300 metres of wharf, entire container yard and the necessary handling equipment is expected to be completed by the end of 2017. Upon full development, our handling capacity would be increased to 13.5 million TEUs per annum.

In parallel, we have also commenced first phase of CT 9 with the construction of a 600-metre wharf. Upon the completion of CT 9 expansion, Westports total terminal handling capacity would be increased to 16 million TEUs and our yard container area would be expanded to 196.1 hectares. Our berth would be extended to 31 berths with a total length of 8.4 km.

This expansion allows us to accommodate the growth in volume envisaged from existing customers and new customers coming on board.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Strengths (cont'd)

d. Operational excellence

We have consistently grown our container throughput over the years. We have achieved high level of productivity for our STS crane operations and routinely exceed 30 to 35 moves per hour per crane for larger vessels. Our capabilities allow us to provide the full range of port services round the clock, with minimal cost, delay and damages. The operational excellence was attributed by the following factors.

Leading infrastructure

We continuously invest in our infrastructure to improve work flow and productivity. We have the state-of-art STS cranes equipped with twin-lift spreader with up to 24-outreach, which currently enable us to handle 19,000 TEUs vessels.

Comprehensive IT infrastructure

Westports operates two operating systems, namely container terminal operating system for container segment and conventional cargo system for general cargos segment. In short, these systems plan and manage the activities across berth, vessel, yard, rail and gate to enable faster processing of containers and cargos ("terminals"), maximising berth utilisation, improving the utilisation of terminal handling equipment and efficient resource deployment.

The role of technology is vital to ensure smooth communication in coordinating the movement in numerous terminals. We have wireless vehicle data gadgets installed on the rubber-tyred gantry cranes and terminal tractors, wireless hand held gadgets for rail and gate operations; and mobile tablets in wharf operations for ship-to-shore cranes. These devices are connected wireless to the terminal operating systems for terminals movement instructions and real-time update which is essential for high productivity, equipment efficiency and optimal resource utilisation. In addition, we have a comprehensive CCTV system for security surveillance as well as operational monitoring and management.

Westports is dedicated to serving the best needs of its customers. It supports the Electronic Data Interchange ("EDI") which facilitates efficient communication with customers and authorities. Through our one-stop customer portal, e-Terminal Plus together with the mobile e-Terminal On-the-Go and the newly launched self-service kiosk project, we are able to leverage latest technology for the benefit of our customers.

We use integrated ERP system for our back-office operations. Westports has embraced e-bidding and e-procurement to provide visibility and transparency in the procurement process. This has resulted in the reduction of cycle time and cost savings.

Efficient and customer-focused operational processes

Westports adopts integrated planning and proactively manages capacity growth and utilisation. This enables us to minimise operational bottlenecks and supply chain inefficiencies resulting in achievement of efficient operational processes. It allows us to offer our customers berthing on arrival, fast loading or unloading and short port stay time for vessels. We also have the flexibility and capacity to cater for special requests from our customers. On many occasions, we allocated additional handling resources to accelerate loading or unloading for vessels that were behind schedule, which in turn assisted the vessels concerned to meet their planned schedule at their next port of call.

Best-in-Class workforce

Westports has one of the best workforce in the industry with positive employee relations and strong employee loyalty. The average length of employment of our existing workforce is approximately seven (7) years, with approximately 16% of our employees having been with us for over 15 years. We have a stable workforce and nearly all of our employees are locals. We provide our employees with long-term career prospects within our Group and job rotation opportunities to develop multiple skills. Our productivity driven reward structure motivates our employees to reach our competitive productivity standards and continuously seek for improvements.

MANAGEMENT DISCUSSION AND ANALYSIS

We believe in investing in training and development of our employees. In this regard, we provide our staff with continuous training programmes to equip them with best practices and stay ahead in industry trend. Annually, we send selected managers to Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia which demonstrates our commitment in staff development.

e. Long-term relationships with customers and other stakeholders

We build strong relationships with our customers and the markets we serve. Our business approach and proactive conduct have created a long-term relationship with our customers. Currently, we have more than 30 main shipping lines.

We also offer shippers and logistics service providers fast gate clearance and streamlined processes with e-documentation, which result in shorter end-to-end cycle times for cargo movements.

We believe this allows them to optimise the utilisation of their vehicles and personnel, hence scheduling more trips in a single day.

We believe that our ability to offer 'one-stop' services through our electronic customer portal, e-Terminal Plus, high productivity, shorter turnaround times and consistent reliability to our customers helps to ensure customer satisfaction and loyalty. Our differentiated quality service offerings and competitive pricing relative to regional competitors have enabled us to attract and retain customers over the years.

Security and safety are a top priority at our port and extensive measures are undertaken to secure the port and cargo providing necessary protection for our customers, employees and port users.

We also have positive relationships with our stakeholders such as regulators, government agencies and communities. We have committed to protect the environment by having low energy consumption equipment, recycle oil process and disposal of scheduled waste at approved locations.

At Pulau Indah where we operate, as a responsible corporate citizen, we have carried out various programmes on poverty eradication, enhancing education and contribution to local community. We also provide safety and security services on a daily basis to Pulau Indah.

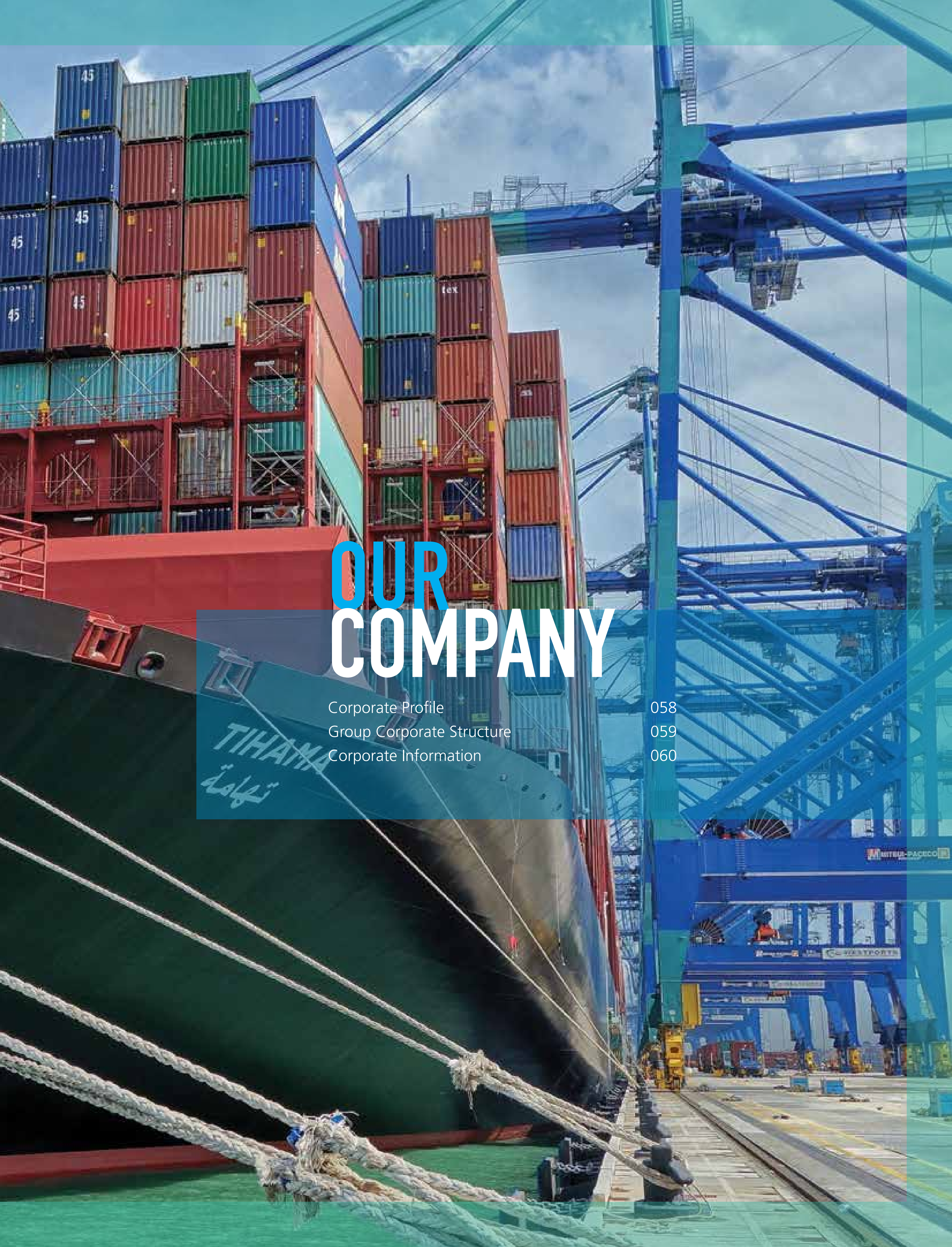
f. Experienced Management Team

Westports' Management team is led by our CEO Mr Ruben Emir Gnanalingam, with the guidance and support from the Board of Directors under the Chairmanship of Tan Sri Datuk G. Gnanalingam.

The Management team has the breadth and depth of expertise necessary to manage the Company having served the Group on an average of 14 years. With a large pool of home grown talent, the Management team is well-tuned to the domestic, regional, global dynamics and challenges of the industry. The team has a proven track record in project management, infrastructure development and phased expansion. We have consistently been on target or ahead of schedule for all our expansion projects.

Representatives of our major shareholders on our Board bring an invaluable set of expertise and relationships to guide our long-term strategic growth. Hutchison Port Holdings Limited is a leading global port operator having established strong relationships with shipping lines globally and has deep commercial, technical and operational expertise in managing container terminals. This provides us the opportunity to enhance our network of shipping line customers and learn the best practices from their network of ports around the world.

As a testimony to our strengths elaborated above, we have received numerous accolades and awards as disclosed in the achievements section of this annual report.



OUR COMPANY

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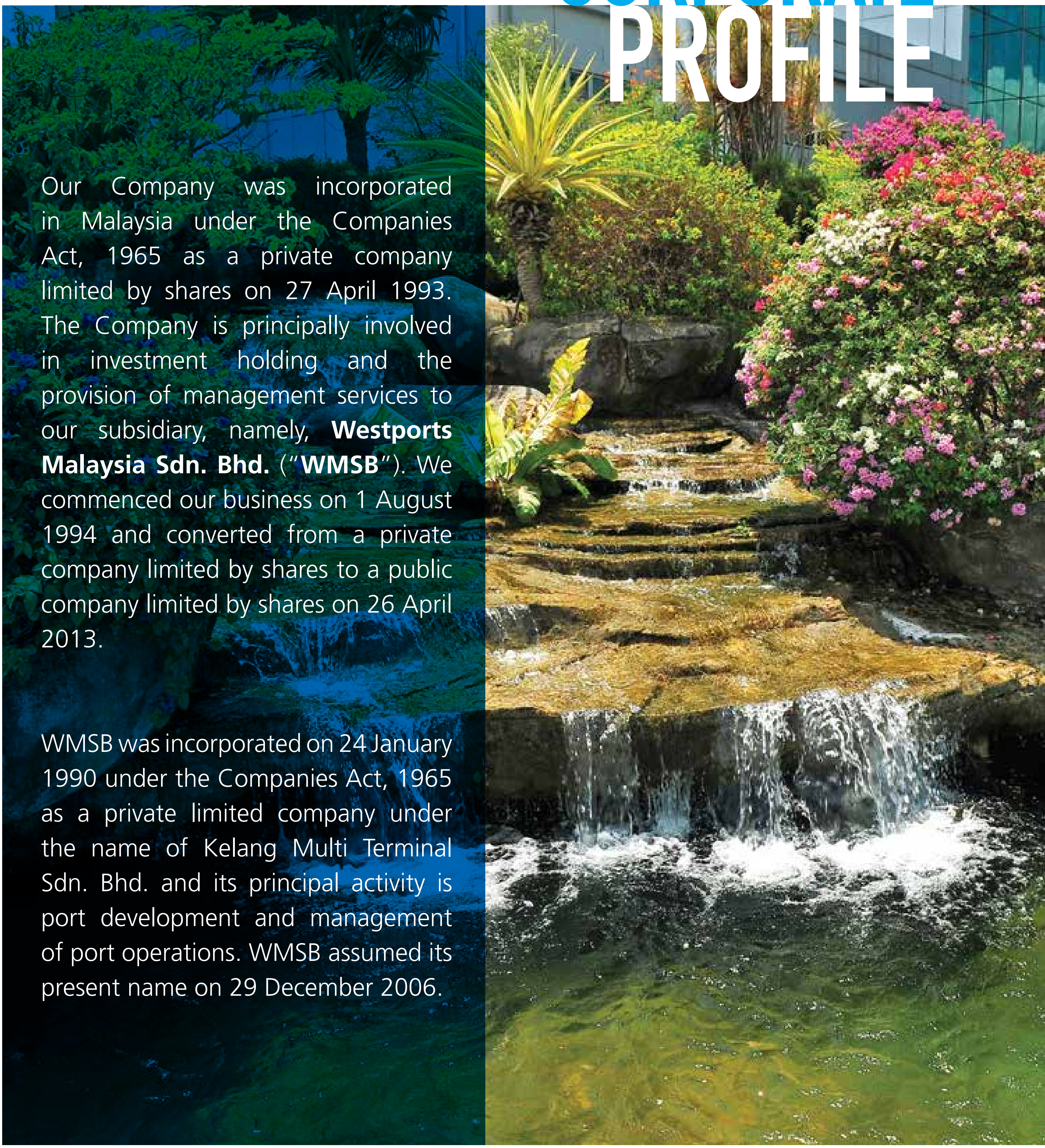
CORPORATE PROFILE



Our Company 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 our subsidiary, namely, **Westports Malaysia Sdn. Bhd.** ("**WMSB**"). We commenced our business on 1 August 1994 and converted from a private company limited by shares to a public company limited by shares on 26 April 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 activity is port development and management of port operations. WMSB assumed its present name on 29 December 2006.

GROUP CORPORATE STRUCTURE

Westports Holdings Berhad

ONE (1) SPECIAL SHARE

The Ministry of Finance Incorporated

100%

Westports Malaysia Sdn. Bhd.

CORPORATE INFORMATION

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
(Independent Non-Executive Director)

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

Dato' Abdul Rahim Bin Abu Bakar
(Independent Non-Executive Director)

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

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

Ruben Emir Gnanalingam Bin Abdullah
(Chief Executive Officer)

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

Jeyakumar Palakrishnar
(Independent Non-Executive Director)

Kim, Young So
(Independent Non-Executive Director)

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

John Stephen Ashworth
(Alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim, both Non-Independent Non-Executive Directors)

Audit and Risk Management Committee

Dato' Yusli Bin Mohamed Yusoff
(Chairman)

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

Dato' Abdul Rahim Bin Abu Bakar
(Member)

Nomination, Remuneration and Corporate Governance Committee

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

Dato' Abdul Rahim Bin Abu Bakar
(Member)

Dato' Yusli Bin Mohamed Yusoff
(Member)

Jeyakumar Palakrishnar
(Member)

Company Secretaries

Tai Yit Chan
(MAICSA 7009143)

Tan Ai Ning
(MAICSA 7015852)

Registrar

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7720 1188
Fax : +603 - 7720 1111

Auditors

KPMG PLT
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7721 3388

Registered Office

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

Principal Bankers

Malayan Banking Berhad

AmInvestment Bank Berhad

Standard Chartered Bank Malaysia Berhad

Alliance Bank Berhad

CIMB Bank Berhad

OCBC Bank (Malaysia) Berhad

Stock Exchange Listing

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

LEADERSHIP

Board of Directors 064
Profile of Directors 066
Profile of Management Team 079

BOARD OF DIRECTORS

left to right:

Kim, Young So	Chan Chu Wei	Dato' Abdul Rahim Bin Abu Bakar	Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Ruben Emir Gnanalingam Bin Abdullah	Tan Sri Datuk Gnanalingam A/L Gunanath Lingam

left to right:

Ip Sing Chi | Dato' Yusli Bin Mohamed Yusoff | Tan Sri Ismail Bin Adam | Ruth Sin Ling Tsim | Jeyakumar Palakrishnar | John Stephen Ashworth

PROFILE OF DIRECTORS

TAN SRI DATUK GNANALINGAM A/L GUNANATH LINGAM

Executive Chairman
Malaysian, Male, Aged 72

Tan Sri Datuk Gnanalingam was appointed as Director of the Company on 1 January 2009 and as Executive Chairman of WMSB, the wholly-owned subsidiary of the Company in 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 has also attended the Advanced Management Programme at Harvard Business School in Boston, US in 1983.

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

He was recognised for his efforts 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 for outstanding entrepreneurial skills and leadership excellence.

He sat on the National PEMUDAH committee, which is 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, from 2007 until 2012. He was re-appointed to the National PEMUDAH committee in 2014. In March 2015, he was appointed a member of the National Export Council.

Tan Sri Datuk Gnanalingam is the Non-Executive Director and shareholder of Pembinaan Redzai Sdn Bhd ("PRSB"), a substantial shareholder of the Company involved in management services including port management. He, however, does not handle the day-to-day operations in PRSB. His interest held in PRSB does not affect his contribution to the Company.

His eldest son, Ruben Emir Gnanalingam, is the Chief Executive Officer of the Company.

PROFILE OF DIRECTORS

TAN SRI DATO' NIK IBRAHIM KAMIL BIN TAN SRI NIK AHMAD KAMIL

Independent Non-Executive Director
Malaysian, Male, Aged 74

Tan Sri Dato' Nik Ibrahim Kamil was appointed to the Board on 7 September 1994. He obtained a Bachelor of Science Degree in Economics and Business Administration from Georgetown University, Washington D.C., US in 1966. He has more than 49 years of managerial and business experience in various industries ranging from mining, petroleum, media, manufacturing, merchant banking and finance, stock broking, port management, trading to golf resort development.

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

Since then, he has been appointed to the board of many public and private companies. He was a Director of Camerlin Group Berhad (now known as Adjuvant Resources Berhad), Chairman of Southern Investment Bank Berhad, Chairman of QSR Brands Berhad and Chairman of KFC Holdings (Malaysia) Berhad. He is currently the Non-Executive Chairman of OCB Berhad and Executive Chairman of LionGold Corp Ltd, a company listed on the catalyst board of the Singapore Stock Exchange. He also sits on the board of several other private limited companies.

Tan Sri Dato' Nik Ibrahim Kamil currently serves as the Chairman of the Nomination, Remuneration and Corporate Governance Committee and a member of the Audit and Risk Management Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

TAN SRI ISMAIL BIN ADAM

Independent Non-Executive Director
Malaysian, Male, Aged 66

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, US in 1979. He attended the Advanced Management Programme at Harvard Business School in Boston, US 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, he serves as an Independent Non-Executive Director of BIMB Holdings Berhad, Group Chairman of Prasarana Malaysia Berhad and an Independent Non-Executive Director of Malaysian Pharmaceutical Industries Sdn Bhd.

Tan Sri Ismail has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

DATO' ABDUL RAHIM BIN ABU BAKAR

Independent Non-Executive Director
Malaysian, Male, Aged 71

Dato' Abdul Rahim Bin Abu Bakar was appointed to the Board on 1 April 2003. Dato' Abdul Rahim obtained a Bachelor of Science (Honours) Degree in Electrical Engineering from Brighton College of Technology, UK in 1969. He is a Professional Engineer registered with the Board of Engineers Malaysia, a member of the Institute of Engineers Malaysia and holds the Electrical Engineer Certificate of Competency Grade 1.

He started his career with National Electricity Board ("NEB") of the States of Malaya in 1969 and served the organisation until 1979, holding various technical and engineering positions. His last position in NEB was as a Senior District Manager.

From 1979, he was with Pernas Charter Management Sdn Bhd, a management company for the tin mining industry as an Area Electrical Engineer and subsequently in late 1983, he was appointed to the post of Chief Electrical Engineer.

In 1984, he moved to Malaysia Mining Corporation Berhad ("MMC") as the General Manager of business development until 1991. In November 1991, he was appointed as the Managing Director of MMC Engineering Services Sdn Bhd and later as Managing Director of MMC Engineering Group Bhd. In May 1995, he joined PETRONAS Gas Berhad ("PGB") to assume the position of Managing Director and Chief Executive Officer, until August 1999. In September 1999, he moved on to take up the post of Vice President of Petroliam Nasional Berhad ("PETRONAS"), in charge of the petrochemical business. He retired from PETRONAS on 31 August 2002 and subsequently resigned from all board positions within the PETRONAS group.

Since then, he has been appointed to the board of several private and public companies. He is a member of the Nomination, Remuneration and Corporate Governance Committee and the Audit and Risk Management Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Director
Malaysian, Male, Aged 58

Dato' Yusli Bin Mohamed Yusoff was appointed to the Board on 13 March 2013. Dato' Yusli graduated with a Bachelor of Economics Degree from University of Essex, UK in 1981 and is a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also an honorary member of the Institute of Internal Auditors Malaysia.

He began his career with Peat, Marwick, Mitchell & Co in London, UK in late 1981 and subsequently joined Hugin Sweda PLC, London in 1986 before returning to Malaysia in 1990. He then held various key positions in a number of public listed and private companies in Malaysia including senior financial and general management roles within Renong group before leaving as Chief Operating Officer/ Executive Director of Renong Berhad in 1995. He was the Group Managing Director of Shapadu Corporation Sdn Bhd from 1995 to 1996 and the Chief General Manager of Sime Merchant Bankers Berhad from 1996 to 1998. He served concurrently as the Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad from 1998 to 1999. He then ventured into stockbroking as the Chief Executive Director of CIMB Securities Sdn Bhd from 2000 to 2004 and served as Chairman of the Association of Stockbroking Companies Malaysia in 2003.

Dato' Yusli also served as Chief Executive Officer/Executive Director of Bursa Malaysia Berhad from 2004 to 2011 and led Bursa Malaysia Berhad to its listing in 2005. He also served as a Director of the Capital Market Development Fund and was a member of the executive committee of the Financial Reporting Foundation of Malaysia from 2004 to 2011.

Currently, Dato' Yusli serves as Director on the boards of YTL Power International Berhad, Mudajaya Group Berhad, Mulpha International Berhad, AirAsia X Berhad and Infinity Trustee Berhad. He also sits on the boards of Australasia Resources & Minerals Berhad and Malaysian Institute of Corporate Governance. He complies with Paragraph 15.06 of the MMLR and does not exceed the number of directorships held in listed issuers.

Dato' Yusli currently serves as the Chairman of the Audit and Risk Management Committee and also acts as a member of the Nomination, Remuneration and Corporate Governance Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

IP SING CHI

Non-Independent Non-Executive Director
Chinese, Male, Aged 63

Ip Sing Chi was appointed as Non-Independent Non-Executive Director on 5 April 2013. He graduated with a Bachelor of Arts Degree from Coventry University, UK in 1979. He began his career in the maritime business when he 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 acted as the Managing Director from 1998 to 2011. In 2005, he was appointed to the board of Hutchison Port Holdings Limited ("Hutchison Ports"), and is currently the Group Managing Director of Hutchison Ports.

He has been an Executive Director of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of Hutchison Port Holdings Trust (a business trust listed in Singapore), since February 2011. He is currently the chairman of Yantian International Container Terminals Limited, an outside Director of Hyundai Merchant Marine Co., Ltd. (a company listed on the Korea Exchange), an Independent Non-Executive Director of COSCO SHIPPING Energy Transportation Co., Ltd. (formerly known as China Shipping Development Company Limited (a company listed on the Stock Exchange of Hong Kong Limited) and an Independent Non-Executive Director of Piraeus Port Authority S.A. (a company listed on Athens Exchange).

Mr. Ip has over 35 years of experience in the maritime industry. He was a member of the Hong Kong Port Development Council until the end of December 2014 and 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. He, however, is not involved in the management and day-to-day operations of the Company.

PROFILE OF DIRECTORS

RUBEN EMIR GNANALINGAM BIN ABDULLAH

Chief Executive Officer
Malaysian, Male, Aged 40

Ruben Emir Gnanalingam Bin Abdullah has been a Director of the Company for over 10 years. He attended Eton College in UK from 1994 until 1995 and graduated with a Bachelor of Science (Honours) Degree in Economics from the London School of Economics and Political Science, UK in 1998. He also holds a diploma in Port Management awarded by the University of Cambridge Local Examinations Syndicate in 2001. Ruben has attended Executive Education Program by the Harvard Business School like the Senior Manager Development Program and the Program for Leadership Development.

He started his career as a trainee at the operational level in WMSB in 1999 before resigning to set up a Start-up incubator known as The Makmal Group in 2000. He sold his investments and exited this business in mid-2005.

Ruben was appointed to the Board in July 2005 and was designated as Executive Director in early 2006 before being appointed Chief Executive Officer on 15 January 2009.

He is the eldest son of our Executive Chairman.

Ruben is the Co-Chairman of Queens Park Rangers Football Club, which participates in the English Championship and is the founder of the KL Dragons, the current champion of the Asean Basketball League. Recently, Ruben became a co-owner and Board member of the Los Angeles Football Club, a Major League Soccer's newest team which begins playing in 2018.

Outside his professional engagements, Ruben is involved with many business and industry related groups. He is the Deputy President of Kuala Lumpur Business Club Malaysia. He sits on the National Stadiums Board as well as the Board of Trustees of Enactus Malaysia. He is a member of the Governing Body of the World Sports Owners Summit. Additionally, Ruben is the Vice-President of the Malaysia Basketball Association and a member of the National Science Council.

He is the Non-Executive Director and shareholder of PRSB, which is a major shareholder of the Company involved in management services including port management. He, however, does not handle the day-to-day operations in PRSB and his interest held in PRSB does not affect his contribution to the Company.

PROFILE OF DIRECTORS

CHAN CHU WEI

Non-Independent Non-Executive Director
Malaysian, Female, Aged 63

Chan Chu Wei was first appointed to the Board 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, US 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 worked in the human resources and marketing divisions over a 10 year period.

In 1988, she joined G-Team Consultants Sdn Bhd as a General Manager. G-Team Consultants Sdn Bhd acted as the Corporate Consultant for the marketing operations of Radio Television Malaysia from 1988 to 2000. Ms. Chan joined WMSB 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 until 2008, especially in container operations. She has been a Non-Executive Director of PKT Logistic Group Sdn Bhd since 2014.

Ms. Chan was re-designated as a Non-Independent Non- Executive Director in 2008. She is a Non-Executive Director of PRSB, which is a substantial shareholder of the Company involved in management services including port management. She, however, does not handle the day-to-day operations in PRSB nor the Company.

PROFILE OF DIRECTORS

JEYAKUMAR PALAKRISHNAR

Independent Non-Executive Director
Malaysian, Male, Aged 48

Jeyakumar Palakrishnar was appointed as Independent Non-Executive Director of the Company on 13 March 2013. He obtained a Bachelor of Law (Honours) Degree from University of London, UK in 1993 and was called to the Malaysian Bar in 1995 and has since been practising as an advocate and solicitor. He is the founding partner of the legal firm, Messrs Zahir Jeya & Zainal, established in 1996. He also serves as a panel member of the Disciplinary Committee appointed by the Malaysian Bar Advocates & Solicitors' Disciplinary Board.

Mr. Jeyakumar is a member of the Nomination, Remuneration and Corporate Governance Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

KIM, YOUNG SO

Independent Non-Executive Director
South Korean, Male, Aged 54

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, US in 1988. He also attended executive courses at The Wharton School of the University of Pennsylvania, US.

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.

He is also a member of the Investment Committee of RRJ Capital group.

Mr. Kim has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company.

PROFILE OF DIRECTORS

RUTH SIN LING TSIM

Non-Independent Non-Executive Director
Canadian, Female, Aged 60

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 Masters 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 British Columbia of Canada.

Ms. Tsim was appointed as 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 and is currently the Group Chief Financial Officer of Hutchison Port Holdings Limited ("Hutchison Ports"). 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.

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

PROFILE OF DIRECTORS

JOHN STEPHEN ASHWORTH

Alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim, both Non-Independent Non-Executive Directors
Chinese, Male, Aged 53

John Stephen Ashworth was appointed as Alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim, both Non-Independent Non-Executive Directors, on 1 July 2016. After graduating with a BA Degree from the University of Leeds in the United Kingdom, he worked for Peat Marwick in London where he trained as a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Between 1992 and 2001, Mr. Ashworth worked for CK Hutchison Holdings Limited and the Hutchison Ports Holdings ("Hutchison Ports") Group in a number of senior finance and management positions. Between 2002 and 2010, he was Asia Pacific Chief Financial Officer for the Constituency Management Group, the marketing communications division of the U.S. listed Interpublic Group. Between 2010 and 2014, he was the Chief Executive Officer of PT. Hutchison Ports Indonesia where he was responsible for managing and developing Hutchison Ports' port interests in Indonesia.

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 of Westports Malaysia Sdn. Bhd., a subsidiary of Westports Holdings Berhad.

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

Note:

1) *None of the Directors have any:*
   - *conviction for offence within the past 5 years; and*
   - *public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2016 ("FY2016").*

2) *The attendance record of the Directors at Board and Board committees' meetings during the FY2016 is shown in the Corporate Governance Statement.*

PROFILE OF MANAGEMENT TEAM

RUBEN EMIR GNANALINGAM BIN ABDULLAH

Chief Executive Officer

(As shown on page 73 of the Profile of Directors)

LIM BENG KEEM

Chief Financial Officer
Malaysian, Male, Aged 61

Lim Beng Keem joined the Westports Group in 1996 as General Manager - Finance, before opting for early retirement in 2009 after 13 years with the Company. He was involved in the Company's financial related matters. In November 2010, he took an overseas assignment with Hutchinson Ports Holding Limited as Chief Financial Officer until April 2013. He re-joined our Group in November 2013 as Head of Internal Audit where he was responsible for overseeing our Company's internal audit function before being moved to re- join the Finance Department as Acting Chief Financial Officer ("CFO"), in June 2014. He was promoted to CFO on 1 December 2015.

He holds a Management Accountancy Degree from the Chartered Institute of Management Accountants ("CIMA") in 1981. He has been a Fellow member of the CIMA since 1995 and a member of Malaysian Institute of Accountants ("MIA") since 1988. In 2000, he attended the Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US.

Mr. Lim has 33 years of experience in the field of accounting and finance. He started his career as an accountant in Paper Products (M) Bhd in 1981 and later joined Sincere Leasing Sdn Bhd in 1983. He subsequently joined Dimet (Malaysia) Sdn Bhd as the Commercial Manager in 1987 followed by Innpower Electronics Sdn Bhd in 1989 as the Group Accountant.

PROFILE OF MANAGEMENT TEAM

LEE MUN TAT

Head of Commercial
Malaysian, Male, Aged 45

Lee Mun Tat joined the Westports Group in May 2003 as a finance manager and assumed his present position in July 2007.

He holds a Bachelor of Business with a major in Accounting Degree from Edith Cowan University, Australia. He is a member of the Certified Public Accountants ("CPA") Australia and the Malaysian Institute of Accountants ("MIA"). He attended the Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2004. Mr. Lee has also attended the General Management Programme ("GMP") in Boston US in 2016 and he is an Alumnus of the Harvard Business School.

Mr. Lee has more than 10 years of experience in commercial affairs. He was attached to Matsushita Electronics Components (M) Sdn Bhd from 1995 to 1996 as an accounts executive, Jutajaya Holdings Berhad from 1997 to 2001 with the last position of finance manager and All Best Furniture (M) Sdn Bhd from 2001 to 2003 as the group's finance manager.

As the Head of Commercial, he is responsible for business development, terminal service contracts, pricing, statistics, credit control and customer relationship. He oversees corporate finance, legal, insurance and plays an active role in investor relations.

AHMAD DAMANHURY BIN IBRAHIM

Head of Port Projects
Malaysian, Male, Aged 49

Ahmad Damanhury joined Westports in July 1995 as a civil engineer and assumed his present position in July 2007. He is currently responsible for the port civil infrastructures and facilities maintenance, port expansion projects besides other technical feasibility studies.

He holds a Degree in Civil Engineering from Syracuse University, New York, US, 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), US. He attended the Harvard Business School's Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 1998.

Encik Ahmad has more than 21 years' experience in civil and marine engineering works. His notable accomplishments in Westports include the introduction of container yards pavement sub-structures alternative design and corner slabs stacking yard which are cheaper, faster to construct and easy to maintain. Prior to joining the Westports Group, he worked with a project management company involved in the planning and construction of the PLUS and Metramac highways projects. Thereafter, he was attached to a consultancy firm from 1992 to 1995 as a design and project engineer involved in the Subang Airport Redevelopment project and the Kuala Lumpur International Airport ("KLIA") project.

PROFILE OF MANAGEMENT TEAM

VIJAYA KUMAR PUSPOWANAM

Head of Marketing & Conventional
Malaysian, Male, Aged 40

Mr. Vijaya 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 prior to assuming his present position in January 2008.

He is currently responsible for marketing activities to meet the volume projections for both container and conventional businesses, regional efforts to grow more feeder services and volume from target regional markets, inducing new logistics business to strengthen the volume base for the terminal and also customer services initiatives to increase Westports' competitive advantage against its competitors. The conventional operations department presently reports to him as well from the start of this year to enhance the coordination between business requirements and operational capabilities to better utilize company assets.

Mr. Vijaya holds a Business Administration (International Business) Degree from Universiti Kebangsaan Malaysia. He attended the Harvard Business School's Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2004. He presently represents the Company in the Port Consultative Committee ("PCC") under the purview of the Port Klang Authority and is also a member of the Logistics and Infrastructure Council, Malaysian International Chamber of Commerce & Industry, Malaysia.

He has 16 years of experience and in-depth terminal operations knowledge. Having served under a few Port Klang Authority and the Ministry of Transport Task Forces, he is also well-versed in the overall logistics industry matters.

LEE HOOI HUANG

Head of Information Technology
Malaysian, Female, Aged 49

Lee Hooi Huang joined the Westports Group on 1 January 1997 as a Systems Manager and assumed her present position in 2005. She is currently responsible for overseeing information technology ("IT") projects, outsourcing and development.

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

Ms. Lee has more than 28 years of experience in application development and project implementation. Prior to joining the Westports Group, she was with G Team Consultants from 1989 to 31 December 1996 as a Systems Analyst. Throughout her career, she was responsible for the enterprise-wide project implementation of Container Terminal Operating System, Systems Applications and Products ("SAP") and e-Terminal Plus as well as IT infrastructure outsourcing initiatives at Westports.

HIGHLIGHTS
PERSPECTIVE
OUR COMPANY
LEADERSHIP
ACHIEVEMENTS
CORPORATE RESPONSIBILITY
ACCOUNTABILITY
FINANCIAL STATEMENTS
OTHER INFORMATION

PROFILE OF MANAGEMENT TEAM

JOANNE SEE YOKE ENG

Head of Human Resources
Malaysian, Female, Aged 38

Joanne See Yoke Eng joined the Westports Group in April 2001 as an Executive Trainee, upon graduating in March 2001.

She has 16 years of experience in various aspects of human resources and is presently responsible for the effectiveness of human resources function and ensuring strategies on human capital development are in line with the Company's goals, both long-term and short-term. With her direct involvement, Westports successfully secured 4 Best Employer Awards from the Human Resources Ministry and Pembangunan Sumber Manusia as well as Gold Award from SOBA, The Star. More recent awards are the "Best Companies to Work for in Asia 2014" in August 2014, Best Employer Award 2014 from the Employees Provident Fund in September 2014 and Employer of Choice from Malaysian Institute of Human Resources Management (MIHRM) in October 2016.

Ms. Joanne holds a Degree in Human Resources from Universiti Utara Malaysia. She attended the Harvard Business School's Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2008.

NANTHAKUMAR A/L MUROKANA @ MURUGAN

Head of Container Operations
Malaysian, Male, Aged 44

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. He also focuses on succession planning and competencies development through constant coaching and training.

He holds a Bachelor of Business Administration Degree from the Western Michigan University, US. He attended the Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2006.

Mr. Nanthakumar has 16 years of experience in container operations. Prior to joining the Westports Group, he worked for Wal Mart in Detroit, US as an Assistant Manager in 1998 before returning to Malaysia in 1999.

PROFILE OF MANAGEMENT TEAM

TAN WEI CHUN

Head of Port Planning
Malaysian, Male, Aged 42

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

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 ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2004.

Mr. Tan has 18 years of experience in areas of capacity planning, strategic yard planning, vessel stowage planning, cargo terminal operations, control room operations, project management and operations information technology development. Prior to joining the Westports Group, he worked with Kontena Nasional Berhad from 1993 to 1998 in various positions involving haulage, customer services, container freight station ("CFS") and depot management.

YUSMIN ZUHAIRI ADNAN

Head of Conventional Operations
Malaysian, Male, Aged 39

Yusmin Zuhairi Adnan joined the Westports Group in May 2006 as Logistics Executive. He left the Westports Group in 2011 to join Kuching Port Authority as the General Manager of SM Inland Port Sdn Bhd. He re- joined Westports in January 2015 as the Head of Conventional Operations.

He holds a Bachelor Degree in Accounting from Monash University, Melbourne, Australia. He attended the Senior Management Development Programme ("SMDP") organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2015.

Encik Yusmin has 11 years of experience in port industry. He started his career as Logistics Executive with MISC Integrated Logistics Sdn Bhd from year 2000 until 2004. He then joined Diperdana Terminal Services Sdn Bhd as a Warehouse Executive in 2004 before joining the Westports Group in 2006. Whilst in Westports, Encik Yusmin has served in various functions such as warehouse operations, container gate and vessel operations. He initiated many projects such as the Smart Card Security System and Haulage Pre-arrival Booking System in Westports.

Note:

None of the key senior management has any:

- *directorship in public companies and listed public companies;*
- *family relationship with any director or major shareholder of the Company;*
- *conflict of interest with the Company;*
- *conviction for offence within the past 5 years; and*
- *public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2016.*

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REALISING THE VALUE OF GOING THAT EXTRA MILE

ASEAN Business Awards Malaysia 2016 - Industry Excellence - Logistics

Company Of The Year Award (Ports & Logistics) For Championing CSR Initiatives

2016 Employer, Winner Of Gold Award Best Employer Award, 2016 by MIHRM

Top SME Supporter Award

PAST AWARDS AND RECOGNITIONS

Lifetime Achievement Award for Tan Sri Datuk G. Gnanalingam by Utusan Business Awards, 2015

Entrepreneur of the year in the Logistic sector of Asia, for Ruben Emir Gnanalingam, by World Finance, 2015

5th Annual South East Asia's Institutional Corporate Awards, 2015

Sahabat Negara SME Award by SME Malaysia, 2015

Anugerah Prestasi Cemerlang Maritim by Marine Department of Malaysia, 2014

Special Achievement Award for Tan Sri Datuk G. Gnanalingam by Asia Pacific Entrepreneurship Awards, 2014

Best Companies to Work For In Asia Award by HR Asia, 2014

Emerging CEO of the Year Award for Ruben Emir Gnanalingam by the Chartered Institute of Logistics and Transport (CILT), 2014

Selangor Excellence Business Awards, 2014
- Industry Class in Logistics for Westports Malaysia
- Lifetime Achievement Awards for Tan Sri Datuk G. Gnanalingam

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PAST AWARDS AND RECOGNITIONS

Century International Quality Era (CQE) Award by Business Initiative Directions (B.I.D), 2013

Lifetime Achievement Award for Tan Sri Datuk G. Gnanalingam and Award in Logistics Sector for Ruben Emir Gnanalingam at the Global Leadership Awards, 2012

Sahabat Negara SME Award from SMI Malaysia, 2012

Corporate Social Responsibility Leadership Award at the Asia Pacific Young Business Conference, 2012

Premier Brand Icon Leadership Award from Asia Pacific Brands Foundation, 2012

Corporate Social Responsibility of the Year Award at the Containerisation International Awards, 2011

STAR Outstanding Business Awards, 2011:
- Platinum award for Technology and ICT
- Platinum award for Community
- Silver award for Environment
- Gold award for Best Employer

PAST AWARDS AND RECOGNITIONS

Emerging CEO Award for Ruben Emir Gnanalingam, 2011

Asia Human Resource Development Congress Award, 2010

Lifetime Achievement Award by the Malay Chamber of Commerce at the Malaysia Business Leadership Awards, 2009

BrandLaureate Best Brands Award in logistics category by the Asia Pacific Brands Foundation, 2009

Other Awards

1) Best Emerging Terminal Award by Lloyd's List Maritime Asia, 1999
2) FIABCI Award – Best Public Sector Development by Federation Internationale des Administrateurs de Bien Conseils Immobiliers, 2000
3) Silver Screen Award for Port of New Millennium, 2000
4) Top 10 Container Ports Award at the Asian Freight Industry Awards (AFIA), 2001
5) Superbrands Award by the Malaysian Superbrands Council, 2002
6) National Landscape Award for the 2nd private building category by the Ministry of Housing and Local Government, 2003
7) Best Employer Award for competent employers facing competitive globalisation by the Ministry of Human Resources, 2004
8) Best Infrastructure Design Award by BPIMB, 2005
9) Technology Business Review Award for excellence in logistics – port services, 2006
10) BrandLaureate Best Brands Award in ports/terminal category by the Asia Pacific Brands Foundation, 2007
11) Silver Award for safety excellence by National Council for Occupational Safety & Health, 2007
12) Silver Award for safety by the International Association of Ports & Harbors (IAPH), 2007
13) The Peace Honorary Certificate of Excellence, 2007
14) Excellence in Logistics Award at the Technology Business Review ASEAN Awards for IT application in port management, 2007
15) CILT Achiever of the Year Award for Tan Sri Datuk G. Gnanalingam, 2007
16) SME Platinum Award for Tan Sri Datuk G. Gnanalingam, 2007
17) Human Resource Development Award by the Human Resources Minister, 2007
18) Gold Award for IT by the International Association of Ports & Harbors (IAPH), 2007
19) Lifetime Achievement Award by Malaysian Indian Business Association (MIBA) for Tan Sri G. Gnanalingam, 2009
20) Lifetime Achievement Award by Social Entrepreneurs Network (SeNet) for Tan Sri G.Gnanalingam, 2009
21) BrandLaureate SME Chapter Award by Asia Pacific Brands Foundation, 2010
22) Old Putra Of the Year Award for Tan Sri G Gnanalingam, Royal Military College Old Boys Association, 2010
23) BrandLaureate Top 10 Masters Award in logistics by Asia Pacific Brands Foundation, 2011
24) Entrepreneur Par Excellence Award for Ruben Emir Gnanalingam from Malaysia Tatler, 2012
25) Accreditations for Health, Safety and Environment - ISO 27001, ISO 14001 and OHSAS 18001


SPOT

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CORPORATE RESPONSIBILITY

In the 22-year illustrious history of Westports, one of the reasons for our success as Malaysia's main transhipment and gateway port is our close relationship with stakeholders, as well as our sustainable approaches to business. This relationship is one that is based on mutual trust and respect to each other's role and contribution to the larger ecosystem. From day one, we have been engaging with our stakeholders, namely the community, workplace, environment and marketplace.

COMMUNITY

Ever since we made Pulau Indah as our home in 1994, we strive to ensure that the rest of the community, especially the Orang Asli, old folks, orphans and single mothers are not left behind. We firmly believe that as the economic pie in Pulau Indah grows, it should be shared among the community.

Our community initiatives focus on poverty eradication, enhancing education, refurbishment of community facilities, and contribution to the welfare of the Orang Asli, as well as ensuring safety and security in Pulau Indah.

POVERTY ERADICATION

1. Free medical check-up for Old Folks

For the old folks of Pulau Indah, we organised free medical check-ups for them by bringing them over to Westports' Community Clinics by our own ambulance. Many of the old folks could not make it to town to get regular check-ups because of their condition which restricts movement.

2. Cash assistance for the Old Folks

Besides creating thousands of direct and indirect employment in Pulau Indah, Westports as the largest employer within the island has taken the responsibility of helping to improve the livelihood of many of the low income community. Although there are an increasing

Westports is committed to ensure the old folks in Pulau Indah receives proper medical attention

The medical check-up is done periodically so that the health status of the old folks could be monitored

CORPORATE RESPONSIBILITY

Careful evaluation and monitoring are conducted by Westports staffs to ensure the cash assistance benefitted those who are truly in need

number of employment opportunities available on the island now, there are still pockets of the community which need a helping hand.

One of the initiatives that we have committed ourselves to in our effort to eradicate poverty in Pulau Indah is the providing subsidies to single mothers with low income, old folks and orphans with a monthly subsistence allowance of RM300. Currently, 7 families are recipients of this programme. During festive seasons, we also provided 'goodie bags' containing food and essentials.

While female staffs were busy cleaning the inside of the house, male staffs were cleaning the surrounding areas from overgrown grass and weeds

While the women are cleaning up the inside of the house, the men are flexing their muscles cleaning up the surrounding area

3. House refurbishment and upkeep

Some houses belonging to low income families have also been refurbished to provide a better living environment for the family members. A house in need of repair in Kampung Sungai Pinang, Pulau Indah occupied by a disabled mother and her three children was repaired and refurbished by our Engineering Team, leveraging on their skills and expertise in civil, electrical and hydrography engineering.

CORPORATE RESPONSIBILITY

Happiness could not only be attained from material gains, but also through charity works and volunteerism, as we learned to appreciate what we have, rather than focusing on what we lack.

CORPORATE RESPONSIBILITY

Westports' engineers and technical staffs put their expertise to good use for the betterment of the society. For example, the Engineering department helped to refurbish a dilapidated house in Pulau Indah.

CORPORATE RESPONSIBILITY

Meanwhile, a collaboration between the Finance Department, Port Police, Container Team D and the Engineering Team has cleaned up and refurbish a house lived by an elderly couple in Pulau Indah. The couple's son expressed his gratitude towards our staffs for helping him to refurbish his parents' house, and wish to participate in Westports CSR programmes to repay the deeds.

REFURBISHMENT AND UPGRADING OF COMMUNITY FACILITIES

1. Refurbishment of KAFA Integrasi Kampung Perigi Nenas

In September this year, 15 of our engineers have volunteered to refurbish the toilet building at KAFA Integrasi Kampung Perigi Nenas, Pulau Indah to provide a safe and comfortable environment for the children there. The engineering team has got together and upgraded the toilet's sink outlet to avoid blockage, clearing two toilets blockage, internal and external wall paintings, replacing doors and cisterns, as well as upgrade the ablution areas with new piping system and water taps.

2. Refurbishment of Tabika Kemas Baitul Zafri, Kampung Sungai Kembong

The Engineering department has also repaired the facilities at Tabika Kemas Baitul Zafri, Kampung Sungai Kembong, Pulau Indah to provide comfortable and safe place for the students and teachers, allowing them to focus on their studies. The Chairman of Tabika Kemas Baitul Zafri Committee and all members expressed their gratitude to the Westports engineering team for the effort to repair and refurbish the facilities of the kindergarten.

3. Cleaning up of Tahfiz Pulau Indah

Our employees have also volunteered to help with the upkeep of Tahfiz Pulau Indah, Kampung Asli.

4. Repair and maintenance of electrical equipment of Tadika Islam Nur Jannati

Our engineers put their skills for a social cause with the replacement of ceiling fans of Tadika Islam Nur Jannati, and repairing the electrical boxes and switches of the fans. This effort would enable the students and teachers of Tadika Islam Nur Jannati to be able to study in a more comfortable environment.

An inter-department collaboration to clean-up and refurbish a house occupied by an elderly couple shows that Westports cares about the well-being of the community in Pulau Indah.

All these voluntary efforts by Westports staffs show our commitment to giving back to the community. To us, no effort is too small to make an impact to the living standards of the community in Pulau Indah.

CORPORATE RESPONSIBILITY

Before and after condition of the house in Pulau Indah, which was refurbished by Westports' Engineering team.

"...provide comfortable and safe place for the students and teachers, allowing them to focus on their studies."

WELL-BEING OF THE ORANG ASLI

The Orang Asli community has been living in Pulau Indah for many years. There are many Orang Asli settlements in Pulau Indah which require proper attentions from various parties. As a relatively newcomer to Pulau Indah, Westports have made it our mission to improve the livelihood of the Orang Asli community.

1. Cleaning up of the Orang Asli settlement

Among the efforts that we have undertaken to improve the living standards and well-being of the Orang Asli community include cleaning and tidying up the areas surrounding their settlements. A team from the Conventional Department has volunteered to trim the sidewalks and lawns around the Orang Asli community hall, as well as providing school items for the Orang Asli children.

CORPORATE RESPONSIBILITY

Tabika Kemas Baitul Zafri was given a make-over, from the gate until the insides of the classrooms by Westports' staffs

Besides cleaning up the Orang Asli settlement, activities such as mini sports event was also held, to foster closer relationship between Westports and the community.

2. Port tour for the Orang Asli

Although we share the same island, not many of the Orang Asli get to experience being within Westports' facilities. Therefore, the Conventional department arranged a port tour for students of the Orang Asli community, to give themselves a glimpse of what it is really like to work in one of the busiest container terminal in the world.

3. Back to school assistance for the Orang Asli students

On 19th November, our Conventional department brought six children from the Orang Asli community who have been registered for Standard 1 to purchase for school uniform, stationery and school bags to motivate them to go to school. The Orang Asli's village headman Tok Batin Intan was happy with the programme, and is looking forward for more programmes together with Westports.

"...brought six children from the Orang Asli community who have been registered for Standard 1 to purchase for school uniform, stationery and school bags to motivate them to go to school."

CORPORATE RESPONSIBILITY

Besides the corporate responsibilities activities and programmes that we have conducted to elevate the standard of living of the Orang Asli community, the door is also opened for them to join Westports. Through the employment of the Orang Asli by Westports, the standard of living among the community is slowly and surely being upgraded.

With the new uniforms and stationeries, it is hoped that the children would be motivated to study and excel in their academic performance

Selected Year 1 student from the Orang Asli community were given new school uniforms and stationeries to assist with their studies

CORPORATE RESPONSIBILITY

Tahfiz Pulau Indah, KAFA Integrasi Kampung Perigi Nenas as well as Tadika Islam Nur Jannati were given a clean-up by Westports' staffs to enable the students and teachers to learn and teach in a more comfortable environment

CORPORATE RESPONSIBILITY

The result of the effort by the Engineering department is a better toilet facility for the use of the children, teachers and staffs of KAFA Integrasi Kampung Perigi Nenas, Pulau Indah

If we share our burden together, it wouldn't be so heavy. Teamwork makes even the heaviest task, doable

CORPORATE RESPONSIBILITY

Faces of the next generation of the Orang Asli community

ENHANCING EDUCATION

Westports believe that education is the best tool to improve one's livelihood and for a person to move upwards in the social ladder. Early education is as important as secondary and tertiary levels, as these formative years will determine the outcome and performance of the students in the latter years.

2771students
benefited from Trust School program

a) Trust School Program

In Pulau Indah, Westports has adopted three schools namely Sekolah Kebangsaan ("SK") Pulau Indah (1), SK Pulau Indah (2) and Sekolah Menengah Kebangsaan ("SMK") Pulau Indah under the Trust School Program organised by Yayasan Amir, a unit of Khazanah Nasional, with the collaboration of the Ministry of Education. Under the program, the schools were assigned with certain key performance indicators ("KPI") for them to meet, which will lead to sustainable and positive academic and social development. The program runs for five years starting 2014, with a total budget of RM5.6 million. As at last year, Westports has contributed about RM5 million to the program.

According to Yayasan Amir's annual report, the schools adopted by Westports have met all the KPIs set for the third year of the program. This encourages the schools' management and academic staffs to do better and succeed under the Trust School Program.

While Westports has contributed a substantial amount of money for the development of the schools, we felt that it is our responsibility to give an extra touch to help the children with their educational attainment. We have supported the schools through educational programs such as :

i. Motivational program for 150 students from SMK Pulau Indah who will be sitting the Sijil Pelajaran Malaysia examination. We invited a guest speaker to conduct the talk to encourage them to score in the examination.

CORPORATE RESPONSIBILITY

The development of the Orang Asli in Pulau Indah does not only involve material assistance, but also health and social development

RM5million
contributed to the Trust School Program

ii. Addressing truancy at school program through the Ponteng Sifar campaign. As many as 100 students from SK Pulau Indah with full attendance in 2015 has been rewarded and celebrated in a ceremony in March 2016. Hopefully, with the rewards, the students will be more motivated to keep their attendance intact this year.

iii. To motivate SMK Pulau Indah students to do well in their studies, the Human Resources Department has brought 80 students from the school to visit the International Islamic University of Malaysia and Universiti Kebangsaan Malaysia. The visits was to show the students the conducive environment in the universities and the facilities available for them to utilise, in order to encourage them to score in the SPM examination.

"...Westports' Human Resources Department has organised a Career Talk for the students of SMK Pulau Indah in June."

Sometimes, it gets quite confusing after high school for students, as they are presented with many options in life. Westports try to guide the students by conducting Career Talk to explain the many paths they could pursue after SPM

CORPORATE RESPONSIBILITY

iv. To expose the students with the choices of careers that they could pursue, Westports' Human Resources Department has organised a Career Talk for the students of SMK Pulau Indah in June. The talk was to inform the students with the latest development in the career market, especially those available to Westports. 150 students from SMK Pulau Indah participated in the talk, and they were grateful that this event helps to enlighten them with the many career choices they could choose to pursue after their studies.

Our efforts to go for the extra mile in the Trust School Program has gained praised from the Program Director of Yayasan Amir, Encik Nik M. Fahmee. He said Westports' continuous support towards the Trust Schools Programme in SK Pulau Indah and SMK Pulau Indah has enabled sustainable school transformation, reaching out to collectively, 2771 students and 176 teachers, including senior school leaders and school management.

Under the Trust School Program, SK Pulau Indah has achieved the highest record of students' attendance in Selangor for 2015. This achievement shows that our effort to combat truancy among students has borne fruit.

This recognition by Yayasan Amir will definitely encourage us to do more for the schools in the years to come.

SMK Pulau Indah was awarded with Lonjakan Saujana Award in October 2016. This award was due to the school accomplishment in the National Key Result Area (NKRA) where ranking of the school position improved from 1,595 to 736 out of 2,300 high schools in Malaysia.

The Yayasan Amir Trust School Programme, of which Westports is a partner, has contributed to the better overall performance of schools in Pulau Indah

"...we believe that mastering in English is important for the younger generation to prepare themselves for their adult life."

Learning should be made fun! Westports invited 120 primary school students to the Tower Block for a movie screening-cum-English learning session

b) English programmes for students

The importance of English as an international language cannot be undermined. This is why we believe that mastering in English is important for the younger generation to prepare themselves for their adult life. To promote the usage of the language among primary school

CORPORATE RESPONSIBILITY

While watching an English language animation movie could familiarize the students with the language, activities which require them to use the language would give them the confidence to speak in English. Thus, an English Camp Challenge was organized by the Human Resources Department with the participation of 85 students from SK Pulau Indah in November 2016. After watching 'Zootopia', the students were divided into groups to compete among themselves to solve several questions and riddles. The students were also required to perform all tasks and activities in English, to familiarize themselves with the language.

Selected students from Pulau Indah schools are trained in yachting, as part of their extra curriculum activities

students in Pulau Indah, we organised the screening of an animation show "Inside Out" for 120 students from SK Pulau Indah in March. This program was aimed to attract the students to watch English language shows to improve their understanding and listening skills in the language. Students from the Orang Asli community also participated in the program.

"After watching 'Zootopia', the students were divided into groups to compete among themselves to solve several questions and riddles."

CORPORATE RESPONSIBILITY

After they had fun during the mini sporting event, the Orang Asli children were given prizes as a reward and to encourage their participation in future events

"...educational programme was conducted to provide puberty awareness among young girls aged between 10 and 11"

c) First aid training and healthy lifestyle program

At Westports, safety is the utmost important. Safety culture and habit should be inculcated within oneself from an early age. To achieve this, we had conducted a First Aid Training Programme, organised by the paramedic team of Westports' Port Police for students of SK Pulau Indah (2). Two officers and seven member of the paramedic team gave the students a briefing on the principles of first aid. As many as 137 students from the Fifth and Sixth grades participated in the briefing. Besides that, our resident doctor Dr Meena Kumar has also conducted a healthy lifestyle talk, attended by 390 students from SK Pulau Indah(1) and (2).

We also conducted a Soroptimist Puberty Organising Tool ("SPOT") Talk at SK Pulau Indah (1) and (2), in collaboration with Soroptimist International Club of Petaling Jaya. This educational programme was conducted to provide puberty awareness among young girls aged between 10 and 11. 130 students from SK Pulau Indah (1) and 65 students from SK Pulau Indah (2) participated in the programme, which was held for a total of 17 hours in both school. Overall, the SPOT programme was very well received by the students. At the beginning of the session, there was low understanding about puberty and understanding was greatly increased by the last session.

d) Community sailing program

It is the aim of the Ministry of Education to produce well-balanced students, who are not only excelled in academic but also in extra-curricular activities. As such, Westports has partnered with the Royal Selangor Yacht Club ("RSYC") to organise the Westports-RSYC Community Sailing Program. This program allows students from SK Pulau Indah (1) and SMK Pulau Indah to learn the ropes of sailing through nine weekend classes. Its aim is to

CORPORATE RESPONSIBILITY

Healthy living practices should be inculcated from a young age. Westports' Clinics and paramedic team held a Health talk to provide useful information to students in Pulau Indah

find new talents in sailing which can be nurtured and trained from a young age. One of the students from the program, Syazrin bin Mohd Idris has won the gold medal in the Kejohanan Perahu Layar Majlis Sukan Sekolah Selangor 2016. This programme is specially organised for students in Pulau Indah, as part of the Yayasan Amir Trust School programme.

e) Cross country tournament

Westports' Port Police has assigned nine of its members to support SMK Pulau Indah's Cross Country Tournament in March. They were responsible in ensuring the safety of the students and participants, controlling traffic flows, as well as giving first aids when needed. As many as 823 students participated, including 19 disabled students.

Students of SMK Pulau Indah were given career talk in order to prepare them with the next step of their life

CORPORATE RESPONSIBILITY

f) Assistance for students from hard core poor families

On 23 November, the Finance Department has carried out a programme to provide school bags and stationeries for special students from hard core poor families. This programme benefited 25 students from SK Pulau Indah (2). The items was given during the school's academic award ceremony, so that the students would be prepared for school in 2017.

RM4.4 million
spent for Community Program

"...Finance Department has carried out a programme to provide school bags and stationeries for special students from hard core poor families."

Back to school assistance were provided to students from hard core poor families in Pulau Indah, to encourage them to study hard and succeed in life

CORPORATE RESPONSIBILITY

Students learning the ropes of sailing by participating in the Royal Selangor Yachting Club-Westports Community Sailing Programme

CORPORATE RESPONSIBILITY

g) Malaysian Collective Impact Initiative (MCII)

"MCII" is a collective impact initiative aimed at achieving systemic educational and social change in Malaysia through cross sector partnerships. Collective impact occurs when organisations from different sectors agree to solve a specific social issue through an agreed common agenda, aligning their resources and efforts, and using common measures of success to continuously improve the quality of interventions and support. MCII also strives towards providing data on education programmes and students literacy that will benefit the national education transformation agenda.

Westports, alongside other corporate giants and non-profit organisations have contributed in multiple ways to support the MCII agenda.

Games and performances were also incorporated as part of the English Camp Challenge, so that students could learn English other than through rote-learning

The English Day programme is a fun and exciting way for the students in Pulau Indah to learn English and increase the confidence in conversing in the language

CORPORATE RESPONSIBILITY

Westports believe that sports is an avenue to inculcate the spirit of unity and healthy competition among youths of different races in Malaysia

CORPORATE RESPONSIBILITY

ENVIRONMENT

Westports understands that every corporate citizen should play a hand in preserving the natural environment. Pulau Indah is surrounded by mangrove, which acts as a natural barrier to shore erosions and becoming a fertile breeding grounds for marine life.

As our livelihood depends on Pulau Indah and its surrounding areas, it is natural to us that we take care of its environment. Since May 2015, Westports' Marketing Department has embarked on mangrove replanting program in Pulau Indah.

This program is organised in collaboration with Infinity Logistics & Transport Sdn Bhd ("Infinity") and Central Spectrum Sdn Bhd ("Central Spectrum"), with the support of Persatuan Pendidikan & Kebajikan Jaringan Nelayan Pantai Malaysia ("Jaring").

Since its inception, more than 1,000 mangrove tree saplings have been planted along the muddy shores of Pulau Indah. In 2016, 750 mangrove tree saplings were planted throughout the year, compared with 400 in 2015. Besides that, 650 mangrove seedlings were sowed to ensure a stable supply of mangrove trees at cost effective rate for the sustainability of this program.

Improvements on this program are in the pipeline, with plans to set up a dedicated nursery with floating jetty, nursery plots and other related infrastructure within the next two years. It is estimated that between 5,000 and 10,000 young mangrove trees can be planted if a proper nursery is established.

Besides staffs from Westports, Infinity and Central Spectrum, students from SMK Pulau Indah were also invited to lend a hand to plant the mangrove trees. This activities will also teach the students about the importance of the mangrove trees to the environment, especially in Pulau Indah. Since the island is their home, it is hoped that the students will continue with this efforts to preserve its environment for many more years to come.

Westports, Infinity and Central Spectrum joined hands to protect and rehabilitate the mangrove ecosystem in Pulau Indah

CORPORATE RESPONSIBILITY

Mangrove acts as a natural barrier from shore erosion and provides a breeding and feeding ground for many marine and other wildlife species

CORPORATE RESPONSIBILITY

Besides contributing to the preservation of the environment, the activity also create a platform for staffs of the three companies to mingle and get to know each other

750mangrove
trees planted in 2016

650mangrove
seedlings sowed in 2016

COMMUNITY CLINIC

Certain of the medical benefits enjoyed by Wesportians are also extended to employees' immediate family members and residents of Pulau Indah. Since 2003, Westports has operated a Community Clinic which is located next to our in-house Clinic. The Community Clinic, or Klinik Masyarakat has its own dedicated doctor, a staff nurse, an administrator and supported by shared medical team which operates Monday to Friday from 9.00 a.m. to 5.00 p.m. The clinic is fully equipped with medical facilities, including three beds for patients to receive immediate treatment. Westports also provides Company ambulance which is available 24 hours a day to transport patients to other nearby clinics and hospitals, if the need arises.

We believe that everyone should be able to get medical treatment, regardless of one's socio-economic background. At our Klinik Masyarakat, consultation fees are waived for residents of Pulau Indah and medicine dispensed are affordable. This medical facility also serves as a panel clinic to the staff of our landed clients and other companies located in Pulau Indah.

"clinic is fully equipped with medical facilities, including three beds for patients to receive immediate treatment"

Students from Pulau Indah were also invited to participate in the mangrove planting activities, to inculcate knowledge and understanding of the importance of the environment

CORPORATE RESPONSIBILITY

Affordable healthcare are provided to Pulau Indah residents at Westports' Community Clinic

The old and destitute are not forgotten by Westports. Periodically, they will be brought to Westports' Community Clinic for free medical check up

CORPORATE RESPONSIBILITY

Westports' Port Police keeps the port safe to ensure smooth operations everyday

SAFETY AND SECURITY

Due to the quite remote location of Pulau Indah, emergency response services could only reach the desired destinations in 20 minutes. This is where our Port Police team serves as a relief squad for the Royal Malaysian Police, Fire Brigades and Medical services.

a) Port Police

Under the National Key Result Areas, auxiliary police has been vested with the policing power in its location. This allows Westports Port Police to contribute to solving crimes and reduce criminal activities in Pulau Indah.

The port police responsibilities are not only in ensuring smooth traffic flows along Pulau Indah highway but also patrolling around the island 3 times daily, and managing 'contra flow' to ease the traffic standstill resulting from vehicle collisons. They are also trained to handle emergency incidents such as accidents and vehicle breakdowns.

b) Installation of CCTV

The safety and security of the community in Pulau Indah is important to Westports. Therefore, we had installed 7 wide angled CCTV cameras at strategic locations in consultation with the Jawatankuasa Kemajuan dan Keselamatan Kampung Pulau Indah (Village Development and Safety Committee), which are being monitored from Westports control room.

Last year, we had installed 3 CCTV cameras and one security alarm in Kampong Perigi Nenas Pulau Indah at the request of the Village's Development and Safety Committee for the Pulau Indah Gallery, which are monitored by the committee itself. This is part of our ongoing effort to ensure that the community in Pulau Indah lives in a safe and secure environment which is conducive for the development of the community.

7 wide angled CCTVs
installed in Pulau Indah

CORPORATE RESPONSIBILITY

A Westports' Fire Rescue Department squad marching as a symbol of their readiness and dedication to ensure safety and security of the port facilities and its surrounding areas

CORPORATE RESPONSIBILITY

A policeman on duty checking a motorist to ensure access to terminal is allowed only with a valid port pass

The Fire and Rescue Department acts as the first responder in any emergency cases in Westports and the surrounding areas

c) Emergency Response

Our Port Police Department also provides emergency response services to the Pulau Indah community, whenever a need arises. Westports also provides free ambulance services from Pulau Indah to the General Hospital in Klang. Our firefighting team is also the first respondent for any emergency calls in Pulau Indah. These services are to ensure that the remote distance of Pulau Indah from nearby cities would not jeopardize the health and safety of its residents.

WESTPORTS MALAYSIA DRAGONS

The development of basketball as a major sports in Malaysia still lags behind other more popular sports such as football and badminton. However, we believe if given the right platform and support, Malaysia can excel in producing some of the best professional basketball players in the region. This is why over the last four years, we have been the proud title sponsor of Westports Malaysia Dragons (formerly known as Westports KL Dragons).

RM1.6 million
spent for Westports Malaysia Dragons

CORPORATE RESPONSIBILITY

The vision of Westports Malaysia Dragons is to create a regional platform of high performance sports and setting this Kuala Lumpur based squad as a sustainable professional basketball team. Westports Malaysia Dragons has grown into a force to be reckoned with in Asean Basketball League (ABL). In the 2015-2016 season, Westports Malaysia Dragons has emerged as the champion of the ABL for the first time since the competition was launched in 2009.

As the title sponsor, Westports has allocated RM1.6 million in 2016 for the team's expenses, compared with RM1.9 million in 2015.

COMMUNITY SPENDING

We spent a total of RM4.4 million in 2016 for the community program compared to RM3.9 million in 2015. This amount excludes time volunteered by our staff.

"Westports Malaysia Dragons has grown into a force to be reckoned with in Asean Basketball League."

Westports is the title sponsor of the Westports Malaysia Dragons basketball team, which is competing in the Asean Basketball League

CORPORATE RESPONSIBILITY

WORKPLACE

OUR EMPLOYMENT PHILOSOPHY

Westports prides itself of being an equal opportunity employer, whereby staff from different backgrounds are allowed to grow and shine in their respective roles and functions within the group. This is achieved by providing a safe, secure and enriching workplace for all of our employees.

Being a citizen of a multiracial country, respecting each other's belief is a value that has been ingrained into each and everyone of us. At Westports, we do not practice discrimination of any kind, hiring, promotions and career development trainings which is based on merits and necessities.

Our approach is built around the following key principles:

- We make merit-based decisions without compromising on talent and capabilities
- We aim to build a diverse workforce, including but not limited to, gender and ethnic diversities
- We are committed to an inclusive culture that can deal with prejudice and promote better understanding, and
- We ensure that there is a level playing field so that our employees have equal opportunities to succeed and advance their careers.

"...staff from different backgrounds are allowed to grow and shine in their respective roles and functions within the group."

The details of employee relations are described below:

a) Employee Handbook

Westports has its own employee handbook which is circulated to all employees, with the aim to assist them to understand the group's Human Resources and Employee Relations policies. The handbook spells in detail our vision, mission, company values and objectives, safety and health policy, code of ethics, misconduct and grievance procedures. It also explains the group's policies on equal employment opportunity, fair dealing and integrity, no discrimination or harassment, sexual harassment, whistle blower, anti-bribery, personal data protection, making public statement and conflict of interests. This handbook was last updated in October 2015. It is published in both Bahasa Malaysia and English for the convenience of our employees.

b) Safety and Health

As a terminal operator, the primary objective of our safety and health policy is to establish a safe, healthy and eco-friendly working environment for all employees and port users.

The Management is committed to ensure compliance with OSHA 1994, FMA 1967, EQA 1974 and other applicable Acts, Legislations, rules, codes or practices and other requirements applicable to Westports operations.

c) Career Progression & Advancement

Westports employees are given the right training programs to develop multiple skill-sets required to enable themselves to progress in their career and improve their contributions to the group. Performance appraisals are conducted on a semi-annual basis to monitor improvements and progressions. This exercise is based on the objectives set for the period under review.

CORPORATE RESPONSIBILITY

Staff successfully completed training to enhance their skills.

Job enrichment opportunities through development of multiple skill-sets bring out the best in our employees. We also analyse data from exit interviews to evaluate effectiveness of our strategies that is taken into consideration for review of HR Policies on an on-going basis.

d) Employee engagement

An effective communication among employees, as well as between employees and management is important to better understand around us. Employees are encouraged to give feedback, share ideas and voice grievances through appropriate channels. Personal interaction between managers and employees based on mutual trust and respect showcase Westports' keen interest in building and maintaining a healthy working environment.

At Westports, we have created small groups companywide whereby managers and executives are assigned to foster closer rapport with the employees who are not their direct reports, and discuss matters affecting their work without fear or favour. This allows employees to have the opportunity to meet, discuss, obtain feedback on the Company and socialize in a informal environment.

This program enables the management to receive first-hand information on issues raised by the staff through monthly reporting by managers and executives to the Employee Relations Manager, enabling appropriate measures to be taken in solving issues effectively. This program has contributed to job satisfaction, employee retention and industrial harmony at the workplace.

CORPORATE RESPONSIBILITY

Trainings are conducted both indoor and outdoor for a comprehensive understanding and acquisition of new skills for Westports' staffs

Apart from the above, the Company is also supportive in recognising a representative of employee's choice, to discuss matters concerning their welfare with the management.

In 2016, the Company did not receive any reported case of discrimination.

e) Fringe benefits

Westports believes that a happy employee makes a good employee. Premised on this principle, we provide a wide range of benefits to our employees, well above the statutory requirements imposed by the Ministry of Human Resources. The benefits include:

i. Employer's contribution to the Employees Provident Fund ranges from 12% to 17% depending on years of services

ii. Maternity leave of 90 days granted per delivery up to a maximum of 300 days for total of 5 children at the option of the employee

iii. Ante-natal entitlement of up to RM1,000 per pregnancy

RM17.2million
spent for Employee benefits

iv. Complimentary leave of 5 working days each for marriage leave and paternity leave

v. Medical leave granted for non-SOCSO cases due to accidents at the discretion of Westports. In cases where an employee has a good chance of full recovery and will be able to return to work, extended medical leave may be considered on a case to case basis

vi. Salary advance based on years of service with repayment in 24 months to ease their financial commitments.

vii. Employees and their dependents are eligible for medical treatments from in-house doctors, panel clinics and specialists

viii. We offer subsidised medical benefits to our staff dependants with coverage limit ranging from RM10,000 to RM20,000 per dependant annually. Westports will pay 50% of the excess cost if the medical claims exceed RM20,000 and up to RM40,000 for those staff who opted for coverage of RM20,000. To ease the financial burden, staff are allowed to pay their portion of the medical cost incurred in instalments up to 18 months

ix. Return to Health Program, staff affected by obesity and leading an unhealthy lifestyle are encouraged to undergo a program of physical exercise and rehabilitation therapy at the Westports gymnasium

CORPORATE RESPONSIBILITY

New forklift operators are trained to prepare them to adapt to the fast pace and efficient operating environment in Westports.

CORPORATE RESPONSIBILITY

TRAININGS

Westports recognises that human resources are as important as our capital resources, systems and machineries, that they need to be continuously trained to achieve operational excellence. As business needs are dynamic with ever demanding and expanding industry challenges, it is of paramount importance that our employees' competencies are enhanced through 'on the job training' and comprehensive training programs that focus on continuous improvements to tap on their full potential, management know-how and knowledge.

We conduct employee development programs on a continuous basis that provide opportunities for direct coaching and mentoring. This include management development courses conducted by industry experts. These are cascaded down to achieve bonding, cross department synergies and enhancement of leadership through executive retreats. It is further complemented with senior management programs and technical skills enhancement opportunities designed to enhance confidence levels and job satisfaction.

These programs have been successful in enhancing job satisfaction, career progression and employee retention. Our regular training programs include:

i. Young senior executive retreats
ii. Container seminars
iii. Senior Management Development Programs organised by Harvard Business School Alumni Club of Malaysia
iv. Soft Skills Training Programs
v. Management Trainee Sessions
vi. Port Related Training Sessions
vii. Skills Development Sessions
viii. TTO Sessions
ix. Central Planning and Port Visits

In addition, we have also sent our employees on safety related trainings such as Conference & Exhibition on Occupational Safety & Heath (COSH), Train The Trainer: Working At Height, Symposium on Marine: Cahtering for future marine pollution management, OSH Mangement System: MS1722 & OSHAS 18001 Interpretation & Implementation and Seminar Pemantauan Kuality Alam Sekiling 2005.

It is important for the staffs to continue being trained and updated with the necessary skills in order to improve the efficiency of the port

CORPORATE RESPONSIBILITY

SPORTS ACTIVITIES

To ensure best performance, fitness and teamwork among staff, the Company promotes sports and recreational activities for staff.

Sports and recreational activities are managed by a Sports Committee where the members comprise of staff from various departments. Annual programs and inter-departmental events were organized by this Committee without external consultant. A total of 14 inter-departmental games were organized in 2016 consisting of marathon, snooker, tug of war, dart, carom, ping pong, chess, volleyball, sepak takraw, badminton, basketball, bowling, battle of the band and football for men.

Congkak, batu seremban, darts, carom and dam haji were specially organized for the ladies in the Company. The ladies also competed in badminton, bowling and mini marathon in their category.

Staff also participated in external invitation events including the national level games as follows:

- Represent Malaysian contingent in the ASEAN Ports Association (APA) Sports Meet hosted by Vietnam, competing with 9 countries in the South East Asia. These include marathon, futsal, table tennis and badminton;
- Bowling Piala Ketua Pengarah Laut Malaysia 2016;
- 2016 Ministry of Transport ("MOT") Games, a competition with all agencies and companies under MOT involving land, air and maritime transportation;
- 2016 Futsal GB Grand Final compete with other futsal teams in Malaysia;
- MRCA Charity Run, Kuala Lumpur; and
- 2016 5th Walk the Talk "Men & Women United to Stop Violence against Women" campaign.

In 2016, a Westports marathon team emerged as second runner up for MRCA Charity Run 2016, organised by the Ministry of Domestic Trade, Co-Operatives and Consumerism.

Healthy mind comes from a healthy body. Therefore, Westports' staffs are encouraged to take part in the various sports activities organised by the Sports Club

CORPORATE RESPONSIBILITY

Women staffs are not excluded from taking part in sports activities

MEDICAL AND HEALTHCARE FACILITIES

As a responsible employer and corporate citizen, Westports provides its employees with medical facilities and benefits, above the requirements by statute. In our premises, we have a Clinic with dedicated team of staff including a Doctor, three Medical Assistants, two Administration Assistant and an Administrator. The Clinic operates from Monday to Friday, 8.00 am to 5.00 pm, with a Medical Assistant on duty until midnight. As Westports operates 24/7, any emergency cases beyond the Clinic's operating hours is referred to nearby clinics or hospitals.

Our medical team attends to the medical needs of the employees, while cases that require further attention will be referred to specialists or panel hospitals. In addition, employees can also visit a panel clinic located near to their home during non-working hours.

The nature of the port operations requires our staff to be of good physical condition. Therefore, Westports provides Gymnasium and Physiotherapy Centre to ensure that our staffs are healthy and fit to perform their tasks. These facilities are located on the 13th Floor of Westports Tower Block.

The Gymnasium is equipped with over 30 cardio and strength (weight) equipment and has a full time Gymnasium Executive, two Trainers and an Admin Assistant to oversee the smooth running and conduct training programs or activities at the gym. The Gymnasium is opened to staff and

Gymnasium facility is provided for employees to maintain healthy lifestyle

Westports' landed clients. Besides conducting trainings, the Gymnasium staffs also conduct and monitor health programs and conduct talks for staff to foster a healthy living lifestyle.

Based on the principle of "prevention is better than cure", Westports initiated a program called 'health passport' to identify health status of our employees, from illness such as high blood pressure, diabetes and other chronic diseases. The staff will then be colour coded to reflect their health status. Selected employees will undergo a health program at the Gymnasium to improve their health status and to nurture

CORPORATE RESPONSIBILITY

Westports provided free consultation for its staff who are not feeling well at the Westports' Clinic

"...Westports initiated a program called 'health passport' to identify health status of our employees, from illness..."

healthy lifestyle. Some of them will undergo medication or food diet. Their health status will be monitored by our Doctors to ensure progress is made to improve their health condition.

Besides having access to the Gymnasium and free medical consultation at our in-house Clinic, Westports' employees also have access to the Physiotherapy Centre. Two full-time qualified Physiotherapists are available to help our staff to recover from any injuries and ailments. The Centre is equipped with electro-therapy equipment to treat patients effectively.

Through the Gymnasium, health passport program and Physiotherapy Centre, many employees have managed to recover from injuries and have successfully completed the various rehabilitation and preventive programs. These initiatives will be continued in the years to come as it is in line with our objective of maximising staff healthcare and well-being.

SPENDING ON STAFF BENEFITS

We have spent RM17.2 million for staff benefits in 2016 compared to RM13.2 million in 2015.

HIGHLIGHTS
PERSPECTIVE
OUR COMPANY
LEADERSHIP
ACHIEVEMENTS
CORPORATE RESPONSIBILITY
ACCOUNTABILITY
FINANCIAL STATEMENTS
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CORPORATE RESPONSIBILITY

EMPLOYEE DIVERSITY

	2016	2015
Workforce		
Gender		
Male	4,114	3,788
Female	98	103
	4,212	3,891
Age		
Below 30	2,427	1,963
31 to 50	1,678	1,808
Above 51	107	120
	4,212	3,891
Ethnicity		
Malay	3,628	3,346
Chinese	8	10
Indian	447	465
Others	129	70
	4,212	3,891
Management		
Gender		
Male	357	344
Female	42	40
	399	384
Age		
Below 30	169	130
31 to 50	215	236
Above 51	15	18
	399	384
Ethnicity		
Malay	213	192
Chinese	30	31
Indian	150	156
Others	3	2
Foreigners	3	3
	399	384

TRAINING HOURS BY CATEGORY OF EMPLOYEES

	2016	2015
Training hours		
- Management	21,232	10,324
- Workforce	491,354	336,704
	512,586	347,028
Per employee		
- Management	53	27
- Workforce	117	87
	111	81

BREAKDOWN OF RESIGNATION

	2016	2015
Workforce		
Gender		
Male	958	607
Female	23	6
	981	613
Age		
Below 30	770	398
31 to 50	198	198
Above 51	13	17
	981	613
Management		
Gender		
Male	43	38
Female	10	3
	53	41
Age		
Below 30	18	16
31 to 50	31	23
Above 51	4	2
	53	41

BREAKDOWN OF RECRUITMENT

	2016	2015
Workforce		
Gender		
Male	1,284	505
Female	18	9
	1,302	514
Age		
Below 30	1,234	474
31 to 50	68	40
Above 51	-	-
	1,302	514
Management		
Gender		
Male	56	25
Female	12	11
	68	36
Age		
Below 30	57	23
31 to 50	10	13
Above 51	1	-
	68	36

CORPORATE RESPONSIBILITY

ENVIRONMENTAL

The environment, safety and health are discussed in this section.

OCCUPATIONAL SAFETY AND HEALTH

Westports has secured OHSAS 18001 certification in 1999 which is an international occupational health and safety management system specification.

Objective of OHSAS is to eliminate or minimise risk to the employees and port users from associated risks. As safety is one of the core values of Westports, we ensure strict compliance on this matter. Our certification was renewed on 1 September 2015. Our safety related initiatives and activities are elaborated below:

a) SHE Committee

In compliance with the OSHA Regulations 1996, every Department within Westports is represented in the Safety, Health and Environment ("SHE") Committee. The SHE Committee meets every month to review safety and health issues arising from each Department and what are the control measures that has been undertaken by the respective department.

Enforcement of the OSHA Regulations 1996 is carried out by a dedicated team throughout the terminals every day. Any violation of the OSHA Regulations are penalised.

SHE section is headed by a section head, supported by an assistant Manager, five executives and six staff. It is responsible to ensure the port is operating in compliance with Occupational Safety and Health Act 1994 and Factory and Machinery Act 1967.

b) Safety induction on port user

Westports has developed a mandatory safety induction sessions which are held every day except Fridays for all new port users, to ensure that they are aware of our safety requirements when they are in the port area.

The new safety induction was implemented starting from 22 November 2016.

The new Safety Induction Modules is tailored in compliance to DOSH requirement in order to provide a better safety guidance and awareness for port users and haulier drivers.

c) Emergency Response and Preparedness ("ERP")

Westports Fire and Rescue Department ("Westports FRD") has 266 employees, trained on ERP procedures. The procedures are to ensure that in the event of emergency, an appropriate and immediate response is triggered to either remove or eliminate any impact to life, property and environment. The potential risks have been identified from the risk assessment register which covers response plan for oil spillage, fire, road accidents, haze, tremor and evacuation plans.

To ensure that Westports' staffs know how to respond during an emergency situation, Westports FRD conducts fire and evacuation drills at least twice a year. In 2016, the FRD carried out four drills as follows :

1. Evacuation drill at Business Centre on 3 May 2016
2. Fire and high angle rescue drill at Tower Block on 30 September 2016
3. Evacuation drill at Warehouse on 25 October 2016
4. Fire and rescue drill at Liquid Bulk Terminal on 19 December 2016

CORPORATE RESPONSIBILITY

d) Accident Tracking System ("ATS")

We have ATS to track accidents, near miss incidents and dangerous occurrences that happen in the port to facilitate appropriate investigation and corrective action plan to reduce the accidents. We have 22 cases of injuries in 2016 compared with 27 in 2015. There were 3 fatality cases reported in 2016 involving third party contractors compared to 1 case in 2015.

Proactive measures have been taken by the management to reduce accidents for a better and safer working environment in 2017.

Westports has also started using the Lost Time Injury Frequency Rate ("LTIFR") to gauge our safety performance. LTIFR refers to the number of lost time injuries that occurred in the workplace resulting from an employee's inability to work the next full working day that occurred relative to the total number of hours worked in the accounting period. For 2016, LTIFR is recorded at 2.26 for every 200,000 hours worked, compared with 2.5 in 2015

Compliances to Acts and Regulations:

e) Exposure monitoring on mineral dust

In compliance with the OSHA Act 1994 and the Factories and Machinery Act 1967 (Mineral Dust) Regulations 2000, we have carried out exposure monitoring among the employees and port users as a preventive measure for occupational diseases caused by excessive exposure to dust. We engaged a consultant to conduct assessment on mineral dust monitoring in August 2015. It was carried out in our Dry Bulk and Liquid Bulk Terminal. The assessment results showed that our terminal was free from hazardous dust.

f) Chemical health risk assessment

In compliance with the OSHA Act 1994 and the Use and Standards of Exposure of Chemical Hazardous to Health Regulations 2000 ("USECCH"), we have engaged a consultant to conduct chemical health risk assessment in April 2016 on those employees exposed to handling chemical and hazardous substances as defined in the USECCH Regulations at all our facilities such as maintenance workshops and dangerous cargo shed. The results indicated the risk is adequately controlled.

g) Indoor Air Quality

In compliance with Industry Code of Practices on Indoor Air Quality 2010 (ICOP IAQ 2010), Department of Occupational Safety and Health, Ministry of Human Resources, Malaysia, we have engaged a consultant to conduct Indoor Air Quality assessment in June 2016 to identify the source of indoor air pollutants and occupants exposure to indoor air pollutants and environmental tobacco smoke. The results of the indoor air quality investigation revealed an elevated level of total bacteria counts detected throughout all the areas in Westports facilities. The management is looking at steps to reduce the level of total bacteria counts in the air throughout Westports, as we are committed to ensuring a safe and healthy working environment for our staffs.

ENVIRONMENTAL MANAGEMENT

Westports has obtained certification for ISO 14001:2004 in April 2009 to comply with the Environmental Quality Act 1974. The environment legislation relates to the prevention, abatement, control of pollution and enhancement of the environment. Westports has environmental policies with clear objectives and targets to ensure the effectiveness and sustainability of its environmental management system.

POLLUTION MANAGEMENT

i) Air pollution

In compliance with Clean Air Regulation 2014, Westports has carried out RTG emission monitoring. To reduce emission levels, we commenced purchase of fuel efficient RTG such as VS RTG and Hybrid RTG since 2014. Our fuel consumption per TEU has reduced as a result of usage of fuel efficient RTG.

In 2015, Westports committed to 100% compliance with non-smoking policy for STS crane operators aimed at

CORPORATE RESPONSIBILITY

Westports ensures that all staffs are working in a safe and healthy environment, by implementing regular inspections and enforcement within the port

prevention of pollution and compliance with applicable legal and other requirements.

ii) Water pollution and leakages

Several initiatives were undertaken by Westports to comply with the Industrial Effluent Regulations 2009. Oil and grease traps were installed at all Maintenance and Repair workshops and cleaning was done weekly. Water sampling analysis is also carried out yearly at various outlets towards the sea.

In compliance with the Sewage Regulations 2009, preventive maintenance is carried out monthly on four Sewage Treatment Plants.

To minimize water pipe leakages and the loss of water, Westports now uses High Density Polyethylene ("HDPE") pipes to replace corroded iron pipes at the wharf areas.

This prolongs the pipes' lifespan up to 50 years from the iron pipes' lifespan of 15 years while eliminating corrosion and water leakages. Starting in 2014, all iron pipes would be gradually replaced with HDPE type.

Our water consumption is described below.

iii) Noise pollution

We have monitored the boundary noise level which was carried out by consultant at our Maintenance Workshops. Based on their report, it is confirmed that the noise level is within permissible limit.

iv) Scheduled waste

Westports has implemented proper management and control measures relating to using, handling, storing, packing, labelling and disposal of scheduled and general waste to prevent pollution to the environment surrounding port premises. We handled 255 tonnes of scheduled waste in 2016, compared to 121 tonnes in 2015.

We have invested RM250,000 in hydraulic recycle machine to recycle the used hydraulic oil. In 2016, we recycled 6.56 tonnes of used hydraulic oil compared with 1 tonne in 2015.

ELECTRICITY USAGE

STS cranes, reefer containers and port operational facilities are the main users of electricity in our operation. Table below shows electricity consumption and usage per TEU.

WATER CONSUMPTIONS

	2016	2015	%
Million M^3			
Water	1.60	1.44	11%
M^3/TEU	0.16	0.16	2%

ELECTRICITY CONSUMPTIONS

	2016	2015	%
Million KW/h			
Electricity	95.5	85.3	12%
KWH/TEU	9.52	9.35	2%

CORPORATE RESPONSIBILITY

MARKETPLACE

We have three categories of stakeholders in the marketplace, namely customers, government agencies and suppliers. Our engagement with these stakeholders are elaborated below :

CUSTOMERS

i) Shipping lines

Shipping lines are our main customers which we engage on a daily basis. Operational issues faced by the shipping liners are resolved by respective departments in a timely manner. Any process delays caused by government agencies will be raised with the relevant authority for corrective actions.

ii) Associations

Westports is a customer centric entity. To maintain our relevance within the logistics industry, we are constantly engaging the community keep abreast market developments.

We meet with Selangor Freight Forwarders and Logistics Association and Federation of Malaysian Freight Forwarders on a quarterly basis to share port developments and obtain feedback from the industry players to improve our processes and service delivery standards. We also engage the Air Freight Association of Malaysia for the similar purpose.

The feedback received from associations in the logistics industry is critical to Westports as they collectively represent a large portion of the logistics community, including forwarders, importers and exporters. Through these engagement activities, we have incorporated many innovations and improvements into our daily operations that have enabled us to grow to where we are today.

Over the years, we have also built a strong relationship with the Federation of Malaysian Manufacturers. The Federation is a strong platform for us to hold dialogues with the manufacturers, to address the various challenges faced by the manufacturing industry especially in supply chain management.

We also hold annual marketing roadshows regionally in key volume markets including China, Taiwan, India and Myanmar, as well as locally in Sabah and Sarawak to enhance our presence among the forwarders. This has allowed forwarding agencies, shipping lines and their clients to better understand our capabilities and strengths.

We welcome port visits from various parties including tertiary students and international clients and partners in our continuous efforts to promote Westports both as a transhipment hub and the national gateway to Malaysia.

As a primary gateway to the country’s economy, we strive towards excellence in our operations to ensure that cargo movements remain smooth by having open communication with our customers, suppliers and relevant authorities, allowing us to anticipate and mitigate potential challenges.

We have a dedicated marketing team to serve each segment of customers, addressing each issues or complaints raised and revert with solutions within a reasonable timeframe.

GOVERNMENT AGENCY

We continuously engage with various government ministries and bodies such as the Economic Planning Unit (“EPU”), Performance Management and Delivery Unit (“PEMANDU”), Ministry of Transport (“MOT”), Ministry of Finance (“MOF”), Ministry of International Trade and Industry (“MITI”), Malaysia Productivity Council (“MPC”), and Malaysia External Trade Development Corporation (“MATRADE”) to advocate on matters regarding the logistics industry and hold dialogues to support the national transportation agenda.

CORPORATE RESPONSIBILITY

We also deal with local government agencies such as the Port Klang Authority ("PKA"), Royal Malaysian Customs Department ("RMC"), Department of Safety and Health ("DOSH"), Department of Environment ("DOE"), Royal Malaysia Police ("PDRM"), Fire and Rescue Department ("BOMBA"), Port Health Authority, and Klang Municipal Council ("MPK") on regular basis as we need to ensure compliance with their policies, rules and guidelines. Dialogue sessions with the local government agencies are also held on a monthly basis.

SUPPLIERS

We prefer sourcing for most of our purchases from local suppliers, as it is our way to support local businesses. However, for machineries that cannot be sourced locally, such as the STS and RTG cranes, we had to look overseas.

We have a very transparent purchasing process system in practice. Interested suppliers have to register with us first with the specifications of their products or services. Upon verification and acceptance of their application, the supplier can thereafter bid for the projects whenever available through e-procurement system. The job will be awarded to the supplier who submitted the lowest quotation in the e-procurement system, after taking into consideration the specifications and other aspects including quality of products and services. Thereafter, a purchase order will be sent via SAP system.

For purchases above certain amount which we require certain level of expertise, procurements of such products or services are sourced through Privasia Sdn Bhd ("Privasia"), a third party procurement company. We provide the bill of quantities and invite the suppliers for a briefing session on our requirements before the suppliers submit their quotations online.

Upon getting quotations via online managed by Privasia, e-bidding exercise will be carried out in a transparent manner. The bidder submitting the lowest quote will be awarded the contract upon getting approval from Management. Of course, the quality of products and services are taken into consideration before suppliers are invited to bid for the particular job.

Our terms and conditions are clearly spelt out in the Letter of Award ("LOA") or Contract issued to successful bidders. One important clause included in LOA covers conflict of interest situation arising from any Westports employees having any kind of interest in the Supplier Company. This also includes offer of any kind of payments or inducements to any Westports employees by the supplier. In such cases, Westports may terminate the contract at its sole discretion. We will also blacklist those suppliers who performed poorly and restrict them from participating in future tenders.

Our suppliers are well aware of our expectations and commitments to customers, by providing the best products, services or solutions at the most competitive price. On the other hand, we honour our commitment through prompt payment on agreed terms and conditions to our suppliers.

Suppliers and contractors are required to comply with all applicable requirements enforced by respective governing bodies, as well as adhering to OSHA 1994 and other regulations. It is mandatory for the suppliers and contractors to attend our safety briefing before commencement of the contractual works in Westports. In our contract bidding documents, suppliers and contractors are required to take care of the rights of their employees on safety and health matters, workmen compensation of SOCSO, reasonable remuneration and general well-being.

CORPORATE RESPONSIBILITY

SUSTAINABILITY REPORTINGS

THEMES	RESULTS
Economic	
Procument practices	Refer to Corporate Responsibility - Marketplace on page 132 to 133
Community investment	Refer to Corporate Responsibility - Community on page 92 to 119
Indirect economic impact	Refer to Statement of Value Added and Distribution on page 18 and Corporate Responsibility on page 92 to 133
Environment	
Emissions	Refer to Management Discussion and Analysis on Business Operational Review on page 34 Refer to Corporate Responsibility - Environmental on page 129 to 131 Emissions scope 1 for 2016 from diesel usage - Sustainability Report on page 37 Emissions scope 3 for 2016 from air travel - Sustainability Report on page 37
Waste and effluent	Refer to Corporate Responsibility - Environmental on page 129 to 131
Water	Refer to Corporate Responsibility - Environmental on page 129 to 131
Energy	Refer to Corporate Responsibility - Environmental on page 129 to 131 Emissions scope 2 for 2016 from electricity usage - Sustainability Report on page 37
Social	
Diversity	Refer to Corporate Responsibility - Workplace on page 120 to 128 on employees Refer to Corporate Governance Statement on page 154 to 155 on directors
Human Rights	Refer to Corporate Responsibility - Workplace on page 120 to 128 on employees Refer to Corporate Responsibility - Marketplace on page 132 to 133 on suppliers
Occupational Safety and Health	Refer to Corporate Responsibility - Environmental on page 129 to 131
Anti-competitive behavior	There is no legal cases reported on anti-competitive behaviour
Anti-corruption	Refer to Corporate Responsibility - Workplace on page 120 to 128 on employees Refer to Corporate Responsibility - Marketplace on page 132 to 133 on suppliers In 2016, there were two cases of corrupt practices referred to HR and staff involved were subjected to domestic inquiry and subsequently terminated. The cases were referred to the relevant authorities.
Labour practices	Refer to Corporate Responsibility - Workplace on page 120 to 128 on employees
Product and Services Responsibility (Social)	Refer to Corporate Responsibility - Marketplace on page 132 to 133 There are no incidents of cyber attack reported.
Supply Chain (Social)	Refer to Corporate Responsibility - Marketplace on page 132 to 133
Compliance (Social)	No monetary value of fines incurred in 2016 for non-compliance of laws and regulations.

The details of 2016 Sustainability Report is available at our website : www.westportsholdings.com


WESTPORTS

CORPORATE EVENTS

ANNUAL GENERAL MEETING

▶ Westports' 23rd AGM was held on 26 April 2016 at the Sime Darby Convention Centre

CORPORATE EVENTS

LAUNCHING OF CONTAINER TERMINAL 8 PHASE 1

▶ Official launching of Phase 1 of Container Terminal 8 on 28 April 2016 by then Secretary General of the Ministry of International Trade and Industry, Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria.

CORPORATE EVENTS

LAUNCHING OF DEWAN BUDAYA T.A.N.S.R.I.G.

▶ Official launch of Westports' own multipurpose hall, the Dewan Budaya T.A.N.S.R.I.G. on 20 September 2016.

CORPORATE EVENTS

LAUNCHING OF SECOND CONTAINER GATE

▶ Westports' Second Container Gate was launched by Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed on 6 October 2016.

CORPORATE EVENTS

LAUNCHING OF SECOND MARSHALLING BUILDING

- On 23 November 2016, our second Marshalling building was launched by the Secretary General of the Ministry of Transport, Datuk Seri Hj. Saripuddin Bin Hj. Kasim.

CORPORATE EVENTS

TERMINAL TRACTOR OPERATORS TEAMBUILDING

▶ Teambuilding programme for Terminal Tractor Operators ("TTO") held between March and October in Felda Residence Trolak, Perak.

CORPORATE EVENTS

NATIONAL SPORTS DAY

▶ National Sports Day Activities held on 8 October 2016, with Westports' staffs participating together with community and customers.

CORPORATE EVENTS

WESTPORTS-SPORTSUNITE UNDER 15 UNITY BASKETBALL LEAGUE 2016

- To inculcate the spirit of unity among youngsters of different races, the Westports-Sportsunite Under 15 Unity Basketball League 2016 was held between 15 October and 6 November 2016.

CORPORATE EVENTS

CFA INSTITUTE RESEARCH CHALLENGE

▶ On 17 November 2016, 77 university students participated in the CFA Institute Research Challenge and Westports was the Subject Company.


WESTPORTS SPORTS CLUB ACTIVITIES

▶ Westports' Sports Club activities in 2016 include participation in the 12th Asean Ports Association Sports Meet in Vietnam.



CORPORATE EVENTS

WESTPORTS FAMILY DAY

▶ Westports Family Day held in Sunway Lagoon Resorts and Theme park to foster closer relationship between the family members of the staffs with the management.

MEDIA RELATIONS

STARBIZ, FRIDAY 11 NOVEMBER 2016

Westports profit gets a lift

Q3 earnings buoyed by higher container throughput, tariff revision

By SHARIDAN M. ALI
sharidan@thestar.com.my

PETALING JAYA: Westports Holdings Bhd's net profit for the third quarter ended Sept 30 soared to RM151mil, reflecting a jump of 16.15% from a year ago buoyed by healthy container throughput growth and a revision in container tariff.

According to Westports, container throughput increased by 9% year-on-year from 2.29 million twenty-foot equivalent units (TEUs) to 2.49 million TEUs for the quarter under review.

The port operator also recorded a higher revenue of RM474.4mil compared to RM400.8mil in the corresponding quarter last year.

"Our above industry average volume growth has been gratifying, and it reflected the results of our relentless commitment towards accommodating growing requirements from our customers.

"Westports has also benefited from shipping clients' ad-hoc handling requirements as they introduced larger vessels into their existing container shipping services," said Westports chief executive officer Ruben Emir Gnanalingam in a statement yesterday.

For the nine-month period, Westports' net profit increased to RM482mil from RM372.3mil, while revenue was higher at RM1.5bil against RM1.2bil in the corresponding period last year.

Ruben added that the sustained high c... tainer volume growth and heavy termi...

Revenue up: Westports recorded higher rev... to RM400.8mil in the corresponding quarter l...

...gantry cranes," he said.

Westports achieved another milestone b... handling 7.4 million TEUs in the first nin... months of this year.

Conventional throughput in the nin... months increased by 10% to 8.5 million...

Westports expects modest growth this year

By SHARIDAN M. ALI
sharidan@thestar.com.my

KUALA LUMPUR: Westports Holdings Bhd still anticipates a modest growth this year despite posting relatively good numbers for its first quarter ended March 31.

Chief executive officer Ruben Emir Gnanalingam (pic) told StarBiz that he maintained a single-digit container volume growth forecast for the port opeator due to the challenging global economic outlook.

"It would be too hasty to predict based on one quarter as economic factors are still volatile," he said. Westports' net profit for the first quarter ended March 31 soared 42.3% to RM171.1mil from a year ago, as ongoing expansion and modernisation of port operations in Klang boosted its cargo-handling capacity.

The sharp increase in profit was also contributed by a one-off gain from a disposal of investment securities, higher container tariff since November and cheaper fuel costs.

...that the volume growth momentum could slow in March as there were more "blank sailings" reported.

"We expect Westports' throughout to slow ...IB said.

UOB KayHian, meanwhile, has assumed an ultra-conservative 1% container growth comprising 3% for transhipment and 7% for gateway, but the research house container yield projections for this may be deemed too bullish at an implied 14% growth.

"This is because we anticipate most of the 15% tariff hike effect to be factored into 2016 earnings," it said.

On the impact of the upcoming shipping alliance dubbed the Ocean Alliance with a combined volume of 15 million TEUs, Ruben said it was too early to gauge but that Westports would try its best to service them.

Thus, Westports has yet to factor in the expected growth volume that may trickle down to its shores from this new alliance.

"The ocean alliance, once approved, will start operating in the second quarter of next year. We believe the alliance will operate on a dual hub-strategy.

"We are focusing our efforts on making sure that we can service this alliance as best

Westports Q1 profit jumps 42.3pc on improved container, marine ops

KUALA LUMPUR: Westports Holdings Bhd's net profit rose 42.3 per cent to RM171.1 million in the first quarter ended March 2016 from RM120.2 million in the corresponding period a year ago.

This was mainly due to improved contributions from the container and marine operations. Operational revenue improved 13 per cent to RM436 million compared with the same period the preceding year.

Westports said in a statement its container operations had achieved another milestone by handling 2.4 million twenty-foot equivalent units (TEUs) in the quarter.

"Transhipment containers increased to 1.8 million TEUs while the group handled 0.6 million TEUs of gateway containers," it said.

Chief executive officer Ruben Emir Gnanalingam said this year had started on a positive note for Westports despite a challenging economic outlook and modest regional economic growth.

"There is also a possibility of some realignment in the container shipping industry next year. As a terminal operator, Westports' state-of-the art facilities currently accommodate the largest 19,000 TEUs container vessels.

"To support shipping clients' requirements further, we have embarked on the container terminal 8 (CT8) expansion, which would cost RM1.1 billion," he said.

Phase 1 of CT8 will commence operations by the middle of this year. Two 52m-tall ship-to-shore cranes and three rubber tyred gantry cranes have been commissioned into service.

Ruben said Westports would continue to be a pre-eminent regional transhipment hub while accommodating Malaysia's growing economic and trading requirements.

Westports Holdings Bhd's revenue in the second quarter ended last month **increased 28.9 per cent** to RM522.62 million. Pic by Osman Adnan

Westports Q2 profit rises to RM159.9m

KUALA LUMPUR: Westports Holdings Bhd posted a 30.9 per cent increase in net profit to RM159.87 million in the second quarter ended last month from RM122.09 million a year ago, mainly due to improved contributions, especially from container operations.

Its revenue in the quarter increased 28.9 per cent to RM522.62 million from RM405.28 million in the same period last year.

The company said in a statement its container operations handled 4.9 million twenty-foot equivalent units (TEUs) in the first half of this year, an 11 per cent improvement, driven by transhipment containers.

"Transhipment containers increased to 3.6 million TEUs while the group handled 1.3 million TEUs of gateway containers," it said.

Westports' export containers increased five per cent while its total volume constituted about 76 per cent of Port Klang's total container throughput in the first half of this year, the company added.

Chief executive officer Ruben Emir Gnanalingam said there would be realignment in the container shipping industry next year as key liners in existing container shipping alliances formed new alliances.

Gnanalingam said its entire CT8 expansion, which would cost a total of RM1.1 billion, would raise its total container terminal handling capacity to 13.5 million TEUs when completed.

"It will allow the group to support requirements of new and larger shipping alliances from next year."

He added that Phase 1 of CT8 expansion, with 300m of wharf, had commenced operations with additional ship-to-shore cranes.

Westports expects its volume growth to taper to low single digit this year in the absence of anomalous cargoes from the Ocean Three alliance. Pic by Marlia Abdul Ghani

Westports continues to buck the trend

BUOYANT OUTLOOK: Maybank IB raises port operator's EPS by 7pc

KUALA LUMPUR

AMID the global trade slowdown, Westports Holdings Bhd continues to buck the trend with a volume growth of eight per cent last month, Maybank Investment Bank Bhd (Maybank IB Research) said.

"This was driven by transhipment, while gateway is still seeing contraction," the firm said in a recent note.

It said despite a higher container throughput in fourth quarter of last ...local container tariff hike, average container yield was only RM151/20-foot equivalent unit due to a fall in the high-yielding import/export boxes on volatility of the ringgit.

Westports expects its volume growth to taper to low single digit this year in the absence of anomalous cargoes from the Ocean Three alliance. The volume growth was eight per cent last year.

"We have assumed for throughput growth of three/five/five per cent in financial year 2016/2017/2018," Maybank IB Research said.

It also noted that said Westports ...investment tax allowance for 2015-17 and the company's tax rate could be lower at 15 and 16 per cent in 2016 and 2017.

"We raised our financial year 2016 and 2017 earnings per share by seven per cent per year as we lower our tax rate assumptions, which are below seven percentage point per year.

"Consequently, our discounted cash flow-based target price is nudged up two per cent to RM4.30," it added.

The firm has maintained a "hold" rating on Westports for its tariff hikes have largely been priced

MEDIA RELATIONS

WESTPORTS STRIKES GOLD

CONVERSATIONS WITH THE COACH: TAN SRI G. GNANALINGAM

ON THE RIGHT TRAJECTORY TO GREATNESS

Study says Malaysia needs to grow hinterland traffic

» FROM PAGE 1

POWER TALKS

delayed.

Going forward, Westports will continue to expand with container terminal 8 (CT8) by next year and will then continue with container terminal 9 (CT9).

"By the time we completed CT8, our capacity will be around 15 million TEUs. Capacity building and efficiency are way to go in this supply-driven industry. We have to build the infrastructure first," said Gnanalingam.

SMK Raja Abdullah clinch title

NST 10 Nov '16

SMK Raja Abdullah with Westports executive chairman Tan Sri G. Gnanalingam.

B6 NEW STRAITS TIMES

LOGISTICS

Westports on track for 8pc TEU growth

'POSITIVE': Capacity expansion, tariff hike to drive throughput

Champs Westports to compete in Philippines League

PETALING JAYA: Westports Malaysia Dragons are set to compete in the Philippines Basketball Association's (PBA) Developmental League Foundation Cup.

The Dragons, who won their maiden Asean Basketball League (ABL) title in March, will go head-to-head with six other teams – Phoenix Petroleum Accelerators (Far Eastern University), Cafe France Bakers (Centro Escolar University), Racal Tile Masters, Tanduay Light Rhum Masters, AMA University Titans and the Mindanao Aguilas – in the D-League, which starts on June 2.

The Dragons will also adopt a new name – the Blustar Detergent Dragons – when they compete in the D-League.

"We have confirmed our participation," said Dragons team manager Yakub Hussaini.

"But we have not received the full schedule yet ... we still need to discuss with new national coach (Goh) Cheng Huat regarding the players we'll need in the squad."

The Dragons are expected to retain the core of their local cagers from the ABL title-winning squad.

The stalwarts of the team, like Kuek Tian Yuan, Choo Wei Hong, Wong Yi Hou, Ma Chee Kheun and Loh Shee Fai are also expected to report for national duty for the SEABA Cup, which will be held in Bangkok from May 22-27.

The Dragons have been boosted by news that their two Filipino cagers – Jason Brickman and Matthew Wright – will remain with the team for the D-League.

ACCOUNTABILITY

Corporate Governance Statement 150
Statement on Risk Management and Internal Control 170
Audit and Risk Management Committee Report 174

62m
RCL
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CORPORATE GOVERNANCE STATEMENT

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 of Bursa Malaysia ("Bursa Listing Requirements"), this Corporate Governance Statement reports on how the Company has applied the Principles and the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") throughout the financial year ended 31 December 2016 ("**the year**" or "**2016**") and up to the date of this Annual Report.

PRINCIPLE I
ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

BOARD ROLES AND RESPONSIBILITIES

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, through its Board Charter, clearly defines its roles and responsibilities. The principal responsibilities of the Board, amongst others, are:

- Establishing, reviewing, adopting and monitoring the strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate controls and systems to manage these risks;
- Establishing a succession plan including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- Developing and implementing an investor relations programme or shareholder communication policy to ensure effective communication with its shareholders and other stakeholders;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines;
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
- Strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities.

CORPORATE GOVERNANCE STATEMENT

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

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

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

BOARD CHARTER

Westports' Board Charter was first developed and approved by the Board in September 2013. The Board Charter 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.

Principles, responsibilities and procedures set out in the Board Charter include:

a) The Board's role;
b) Composition and Board Balance;
c) Appointments and Re-election to the Board;
d) Duty to disclose interest;
e) Board processes;
f) Responsibilities of the Chairman and the CEO;
g) Responsibilities of the Board committees;
h) Remuneration levels of Directors;
i) Annual performance evaluation of the Board, Board committees and individual Director;
j) Board's responsibilities for accountability and audit; and
k) Relationship with stakeholders.

The Board reviews its Board Charter periodically to keep abreast with new changes in regulations and best practices and to update the Board Charter 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 last review was carried out in February 2017.

CORPORATE GOVERNANCE STATEMENT

CORPORATE INTEGRITY

In discharging its duties and responsibilities, the Board is guided by a set of 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.

The Code also provides a venue for a Director to communicate any suspected violations of the Code to the Chairman of the Audit and Risk Management Committee. 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.

Principles set out in the Code of Conduct include:

a) Comply with all applicable laws and regulations;
b) Deal fairly and with integrity when dealing with external parties;
c) Avoid discrimination and harassment in the workplace;
d) Avoid acts of misconduct;
e) Whistle-blow any malpractice or misconduct;
f) Exercise caution and due care to safeguard confidential information;
g) Ensure accuracy and reliability of records;
h) Protect the privacy of personal data; and
i) Adhere to the Group's Corporate Disclosure Policies and Procedures on making public statements.

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 whistle-blowing reports are addressed to the Chairman of the Audit and Risk Management Committee (for matters relating to financial reporting, unethical or illegal conduct), or the CEO or Head of Human Resource Department (for employment-related concerns).

PROMOTING SUSTAINABILITY

The Board is cognisant of corporate sustainability that creates long-term shareholder value by embracing opportunities and managing risks derived from the environment, social developments and governance. Our Sustainability Policy aims to enable the Group to manage changes related to environmental and social issues, including new technology, governance policies, and consumer demand; and to make decisions that balance economic, social and environmental impacts.

CORPORATE GOVERNANCE STATEMENT

We acknowledge our responsibility to make a positive impact in the community that we are operating in. As a port terminal operator, we uphold our principle in promoting a safe, healthy and environmentally-friendly working environment to all of our staff and port users. Briefings on safety issues are constantly conducted and safety information is cascaded down to each employee. We believe in giving back to the community where we operate. Over the years, we have launched many initiatives and activities to improve the living standards in Pulau Indah, Port Klang, through our four-pronged approach which focuses on poverty eradication, security and safety, education, and recreation for children. We conduct our business ethically, maintain good corporate governance and promote responsible business practices.

The Company's inaugural Sustainability Statement can be found on www.westportsholdings.com.

ACCESS TO INFORMATION

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

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

The Board meetings are chaired by the Executive Chairman, whose role is clearly separated from the role of the CEO. The Executive Chairman leads the Board effectively and encourages contribution from all members to ensure a balance of power and authority.

Prior to every Board meeting, the Directors are furnished with an agenda and a set of meeting papers at least fourteen (14) days before the Board meeting in order for them to study and evaluate in advance the matters to be discussed. During 2016, Board papers were sent to all the Board members in advance as illustrated below, and this remains an ongoing priority.

Date Board papers were sent to the Board members	Date of Announcement of Results to Bursa Malaysia	No. of days in advance Board papers were sent
20 January 2016	3 February 2016	14
12 April 2016	28 April 2016	14
12 July 2016	28 July 2016	16
26 October 2016	10 November 2016	15

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 Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislations and regulations.

CORPORATE GOVERNANCE STATEMENT

Hence, in discharging their duties, the Directors are assured of full and timely access to all relevant information. The Board has an established procedure set out in its Board Charter whereby Directors may take external independent professional advice at the Company's expense where they judge it necessary to do so in order to discharge their responsibilities as Directors and which is of benefit to the Company.

COMPANY SECRETARIES

The Board is supported by two (2) suitably qualified and competent external Company Secretaries who are accountable to the Board and are responsible for the following:

- Advising the Board on matters related to corporate governance and the Bursa Listing Requirements;
- Ensuring that Board procedures and applicable rules are observed;
- Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- Preparing comprehensive Minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- Assisting the communication between the Board and Management;
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
- Preparing agendas and coordinating the preparation of the Board papers.

PRINCIPLE II
STRENGTHEN COMPOSITION

BOARD COMPOSITION

Westports is led by a capable and experienced Board. During the year, the Board comprised eleven (11) Directors, including the Executive Chairman, CEO, three (3) Non-Independent Non-Executive Directors and six (6) Independent Non-Executive Directors. The Independent Directors make up the majority of the composition of the Board.

The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Bursa Listing Requirements whereby at least two (2) or one-third (1/3) of the Board, whichever is higher, comprise Independent Directors. The Independent Directors help to ensure the interests of all shareholders, and not only the interest of a particular faction or group are indeed taken into account by the Board in its decision-making process.

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, oil and gas, mining, accounting and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

With regard to the diversity of the Board, the Company endeavours to have a balanced representation in terms of gender, ethnicity and age. The Company practices recruitment of Directors based on meritocracy. In the event two (2) candidates are of equal merit, other considerations such as diversity in respect of gender, ethnicity and age will be taken into account to aid the final selection process. The Board believes the Company's existing processes have served the purpose of a formal policy on diversity and at the same time ensuring that all Directors are appointed on merit. Currently, we have two (2) women on the Board.

CORPORATE GOVERNANCE STATEMENT

The Board maintains a strong record on Board diversity with a wide range of backgrounds and nationalities represented among the Board members. In terms of gender diversity, the Board currently comprises of 18% women representation. In respect of ethnic diversity, the Board currently comprises 37% Bumiputera, 27% Malaysian Indians, 9% Malaysian Chinese and 27% foreigners. The breakdown of Board composition in terms of age is as follows:

Age Bracket	Composition	
Years	No.	%
35-40	1	9%
41-50	1	9%
51-60	3	27%
61-70	3	27%
71 and above	3	27%

A brief description of the background of each Director is presented under the Profile of Directors of this Annual Report.

APPOINTMENT TO THE BOARD

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 should also comprise at least two (2) or one third (1/3) of Independent Directors, who will provide professional judgement, experience and objectivity without being subordinated to operational considerations.

The Company maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made by the Board pursuant to Article 113 of the Company's Constitution.

The Nomination, Remuneration and Corporate Governance Committee ("NRCGC") is delegated 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 as to gender, ethnicity and age.

CORPORATE GOVERNANCE STATEMENT

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. During 2016, the NRCGC undertook an assessment of Mr. John Stephen Ashworth before making recommendations to the Board for his appointment as Alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim, both Non-Independent Non-Executive Directors of the Company, and also as Director and Alternative Director of Westports Malaysia Sdn Bhd, a subsidiary of the Company.

DIRECTORS' RE-APPOINTMENT, RETIREMENT AND RE-ELECTION

In accordance with the Bursa Listing Requirements, all Directors, including the CEO, shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Company's Constitution further provides that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting.

Pursuant to the Companies Act, 2016 which came into force on 31 January 2017, Directors who have attained the age of 70 years and above are no longer required to retire and seek re-appointment at each annual general meeting.

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, Tan Sri Ismail Bin Adam and Mr. Kim, Young So, who are due for retirement by rotation pursuant to Article 106 of the Company's Constitution at the forthcoming AGM ('the AGM") and being eligible, they have offered themselves for re-election.

Dato' Abdul Rahim Bin Abu Bakar, who is also due for retirement by rotation pursuant to Article 106 of the Company's Constitution at the forthcoming AGM has intimated his intention not to stand for re-election at the AGM and he shall retire from office at the conclusion of the AGM.

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.

BOARD ASSESSMENT

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**").

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

- Sufficiency of its members' knowledge of related areas to form the right composition;
- Appropriateness of its terms of reference/charter and procedures so as to provide effective Committee practice;
- Issues covered at its meetings;
- Its discharge of responsibilities to assist the Board;
- Timeliness of keeping the Board informed of its deliberations;
- Level of assistance required from external counsel (such as in the field of legal, accounting and managerial); and
- Its members' meeting attendance record, participation in discussions and time commitment.

To facilitate the Board Assessments, questionnaires or assessment forms 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.

During the year, with the assistance of a Management representative, the NRCGC conducted the Board Assessments by distributing the assessment forms to each of the Directors to fill up the necessary information. 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.

CORPORATE GOVERNANCE STATEMENT

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.

The Board has established the following Committees:

a. Audit and Risk Management Committee; and
b. Nomination, Remuneration and Corporate Governance Committee

a. Audit and Risk Management Committee

The Audit and Risk Management Committee ("**ARMC**") was established on 13 March 2013 and 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 consists of three (3) Independent Non-Executive Directors. They are:

1. Dato' Yusli Bin Mohamed Yusoff (Chairman)
2. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
3. Dato' Abdul Rahim Bin Abu Bakar

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

b. Nomination, Remuneration and Corporate Governance Committee

On 29 April 2015, the Board approved the merger of the Remuneration Committee with the Nomination and Corporate Governance Committee to form the Nomination, Remuneration and Corporate Governance Committee ("**NRCGC**"). The NRCGC comprises four (4) Independent Non-Executive Directors. They are:

1. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (Chairman)
2. Dato' Abdul Rahim Bin Abu Bakar
3. Dato' Yusli Bin Mohamed Yusoff
4. Mr. Jeyakumar Palakrishnar

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

CORPORATE GOVERNANCE STATEMENT

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

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

- Board Charter;
- Code of Ethics of Directors;
- Corporate Disclosure Policies and Procedures;
- Whistle Blower Policy;
- Sustainability Policy;
- Directors' Assessment Policy;
- Directors' Remuneration Policy; and
- Code of Conduct

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

c. Reviewed the retirement by rotation, re-election and re-appointment of the Directors pursuant to the Constitution of the Company and the Companies Act, 2016;

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

e. Reviewed and recommended the appointment of Directors and Alternate Directors;

f. Conducted the annual Board Assessments in respect of 2016;

g. Reviewed the outcome of the Board Assessments;

h. Reviewed the succession planning and key performance indicators for Executive Directors and Senior Management;

i. Reviewed the training needs of the Directors;

j. Reviewed and recommended the remuneration package of the Executive Chairman and CEO to the Board for approval;

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

l. Reviewed the Board Committees' allowances.

In 2016, the NRCGC was further tasked with the annual review of the terms of office and performance of the ARMC and its members in line with the amendments to the Bursa Listing Requirements.

CORPORATE GOVERNANCE STATEMENT

DIRECTORS' REMUNERATION

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

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the Annual General Meeting annually. 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.

In evaluating the CEO's remuneration, the NRCGC takes into account the Group's financial performance and performance on a range of non-financial factors including accomplishment of strategic goals. The CEO is being paid by a subsidiary and in line with the Group's general remuneration policy for its Senior Management. His remuneration is structured so as to link rewards to Group and individual performance. The NRCGC also recommends to the Board the remuneration package of an Executive Director and it is the responsibility of the Board to approve the remuneration package of an Executive Director. The aggregate remuneration paid to the Directors who served during 2016 are as follows:

Company

	Executive Director RM'000	Non-Executive Director RM'000	Total RM'000
Directors' fees	-	1,080	1,080
Salaries and Other Emoluments	-	-	-
Allowance	5	645	650
Benefits-in-kind	-	-	-
Total	**5**	**1,725**	**1,730**

The aggregate remuneration above is categorised into the following bands:

Range of Remuneration - RM	Executive Director	Non-Executive Director
0 – 50,000	2	-
100,001 – 150,000	-	5
150,001 – 200,000	-	1
250,001 – 300,000	-	1
300,001 – 350,000	-	2

CORPORATE GOVERNANCE STATEMENT

Group

	Executive Director RM'000	Non-Executive Director RM'000	Total RM'000
Directors' fees	-	1,320	1,320
Salaries and Other Emoluments	15,066	-	15,066
Allowance	10	648	658
Benefits-in-kind	131	13	144
Total	**15,207**	**1,981**	**17,188**

The aggregate remuneration above is categorised into the following bands:

Range of Remuneration - RM	Executive Director	Non-Executive Director
100,001 – 150,000	-	3
150,001 – 200,000	-	1
200,001 – 250,000	-	2
250,001 – 300,000	-	1
300,001 – 350,000	-	2
3,200,001 – 3,250,000	1	-
11,950,001 – 12,000,000	1	-

PRINCIPLE III
REINFORCE INDEPENDENCE

INDEPENDENCE ASSESSMENT OF INDEPENDENT DIRECTORS

The Board, through the NRCGC, undertakes the independence assessment of all its Independent Directors which was carried out a 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 Bursa 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 INDEPENDENCE

The Executive Chairman, Tan Sri Datuk Gnanalingam who is not an Independent Director, is the founder of the Company and the Board considers it appropriate for him to hold the fort as Chairman based on his wealth of knowledge, deep appreciation of the operations of the Group and differentiated foresight as long as no one individual or group has unrestricted powers of decision. The Board has a strong presence of nine (9) Non-Executive Directors, whereby six (6) of its members are Independent Directors. The strong presence of a majority of Independent Directors provides effective check and balance in the functioning of the Board. The Board considers that the Company complies with the spirit of the MCCG 2012.

CORPORATE GOVERNANCE STATEMENT

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 account the interests of the Group and minority shareholders. The Independent Directors bring an external perspective and constructive challenge on proposals to the Board. They are also proactively engaged with both the internal and external auditors and 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 9 years. Upon completion of the 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 9 years as an Independent Director of the Company. Presently, there is no Independent Director of the Company who has served a cumulative term of beyond 9 years.

SEPARATION OF POSITION OF CHAIRMAN AND CEO

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

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

The CEO is the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The CEO, in association with the Executive Chairman, is accountable to the Board for the achievement of the Group's mission, vision and objectives. The CEO 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 CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

PRINCIPLE IV
FOSTER 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.

CORPORATE GOVERNANCE STATEMENT

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 Bursa 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 2016. Board members are well prepared, having read the Board papers and all background materials before every Board meeting.

The table below shows the attendance record of the Directors for the meetings held during 2016.

	Board of Directors	Board Committee	
		ARMC	NRCGC
Executive Chairman			
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	4/4		
Independent Non-Executive Directors			
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	4/4	4/4	2/2
Dato' Abdul Rahim Bin Abu Bakar	4/4	4/4	2/2
Dato' Yusli Bin Mohamed Yusoff	4/4	4/4	2/2
Jeyakumar Palakrishnar	4/4		2/2
Tan Sri Ismail Bin Adam	4/4		
Kim, Young So	4/4		
Non-Independent Non-Executive Directors			
Ip Sing Chi	4/4		
Chan Chu Wei	4/4		
Ruth Sin Ling Tsim	4/4		
Chief Executive Officer			
Ruben Emir Gnanalingam Bin Abdullah	4/4		

CORPORATE GOVERNANCE STATEMENT

SUCCESSION PLANNING

Succession planning for senior management below the Executive Board level is driven by the CEO. 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 key to performance improvement as well as the succession plan. The Company's Succession Plan submitted by the CEO has been reviewed by the NRCGC and adopted by the Board.

TRAINING AND 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.

Mr. John Stephen Ashworth completed the Mandatory Accreditation Programme ("MAP") accredited by Bursa Malaysia on 14 October 2016. Mr. John Stephen Ashworth was appointed to the Board on 1 July 2016 as Alternate Director. All the other Board members have completed the MAP.

During 2016, all Board members had attended various training programmes, conferences, seminars and courses organised by regulatory authorities and professional bodies. The programmes in which members of the Board have participated are as follows:

Month	Training/Seminar	Presenter/Organiser
Mar 2016	Future of Auditor Reporting -The Game Changer For Boardroom	Malaysian Institute of Accountants and Certified Public Accountants Malaysia in collaboration with Bursa Malaysia Securities Berhad ("Bursa Malaysia")
Apr 2016	Companies Bill 2015	Wolters Kluwer
	The Inside Story Of The Annual Report: What Directors Must Know	Bursatra Sdn Bhd
Jun 2016	Amendments to Bursa's Listing Requirements – How To Rise Up To Meet Those Challenges!	Malaysian Institute of Corporate Governance
Jul 2016	Container Operations and Terminal Planning Briefing	Westports Malaysia Sdn Bhd
Aug 2016	Board Chairman Series Part 2: Leadership Excellence From The Chair	The Iclif Leadership and Governance Centre ("ICLIF") in collaboration with Bursa Malaysia
Sep 2016	The Interplay Between Corporate Governance, NFI and Investment Decision – What Boards of Listed Companies Need To Know	Securities Industry Development Corporation ("SIDC") in collaboration with Bursa Malaysia
	Independent Directors Programme: The Essence of Independence	ICLIF in collaboration with Bursa Malaysia

CORPORATE GOVERNANCE STATEMENT

Month	Training/Seminar	Presenter/Organiser
Oct 2016	Maritime Law Conference	Legal Plus Sdn Bhd
Nov 2016	Shipping and Port Industry Update	Ocean Shipping Consultant
	The Cybersecurity Threat and How Board Should Mitigate The Risks	MINDA in collaboration with Bursa Malaysia
	How To Leverage on AGMs for Better Engagement with Shareholders	The Malaysian Institute Of Company Secretaries And Administrators ("MAICSA") in collaboration with Bursa Malaysia
Dec 2016	The Economic Times Asian Business Leaders Conclave: Moving Towards A Boundary-less Asia	The Economic Times

PRINCIPLE V
UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The financial reporting and internal control system of the Group are overseen by the ARMC, which comprises three (3) Independent Non-Executive Directors.

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 Chairman's statement, CEO's statement and the Management Discussion and Analysis 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 approved by the Board before being released to Bursa Malaysia.

The Directors are required by the Companies Act, 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. 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. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company that enable them to ensure that the financial statements comply with the Companies Act, 2016.

CORPORATE GOVERNANCE STATEMENT

INDEPENDENCE OF EXTERNAL AUDITORS

The ARMC and Board place great emphasis on the objectivity and independence of the external auditors in providing a true and fair report to the shareholders. The Board, through its ARMC, maintains a transparent relationship with its external auditors. The ARMC is empowered to communicate directly with the external auditors and vice versa. The external auditors also have direct access to the ARMC to highlight any issues of concern at any point in time. It is a policy of the ARMC to meet with the external auditors at least twice a year without the presence of the Executive Directors and Management to discuss on audit findings, audit plans and the Company's financial statements.

The ARMC 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.

The present external auditor has served for 3 years since the Company was listed in 2013. 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 2016, the ARMC received a confirmation from the external auditors that they were and had been independent during the year in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The engagement partner involved in the external audit of the Company's financial statements for 2016 was rotated in accordance with MIA By-Laws which limits the key audit role of an engagement partner involved in an external audit to five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years.

The Board considers the declaration of independence, integrity and objectivity made by the external auditors in their Audit Report for 2016 as adequate to serve as an assurance from the external auditors on their independence and integrity throughout the conduct of their audit engagement.

PRINCIPLE VI
RECOGNISE AND MANAGE RISK

The ultimate responsibility for ensuring a sound and effective internal control system 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 Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss. A Statement on Risk Management and Internal Control is set out on pages 170 to 173 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE VII
ENSURE 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 Policies and Procedures which have taken into account the recommendations contained in the MCCG 2012 and the disclosure obligations stipulated in the Bursa Listing Requirements. 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.

2015 Annual Report			
	Issued	**Requirement**	**Ahead**
2015 Annual Report	1 April 2016	30 April 2016	29 days
2016 Quarterly Results			
	Announced	**Requirement**	**Ahead**
Fourth Quarter 2015	3 February 2016	29 February 2016	26 days
First Quarter 2016	28 April 2016	31 May 2016	33 days
Second Quarter 2016	28 July 2016	31 August 2016	34 days
Third Quarter 2016	10 November 2016	30 November 2016	20 days

Under the policy, 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 CEO 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 Malaysia, 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 Malaysia, 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.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE VIII
STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

The Annual General Meeting ("**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. We are pleased to receive strong support from our shareholders as indicated by their active participation at our AGM last year, which was held on 26 April 2016. A total of 488 headcount attended in person or by proxies or corporate representatives, representing 85.47% of the issued and paid-up share capital of the Company. All our Directors and senior management attended the 2016 AGM. Our AGM in 2016 lasted approximately one (1) hour, with dialogues and presentations conducted during the general meeting to provide overview and clear rationale with regard to the proposals tabled or the affairs of the Company.

Shareholders are encouraged to attend the AGM and 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 Articles. The Executive Chairman, CEO, 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 twenty one (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. The Notice convening the 2016 AGM was issued to shareholders on 1 April 2016, which was 25 days prior to the AGM (in excess of the minimum notice period of 21 days prescribed by the Listing Requirements). 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.

At the AGM of the Company to be held on 25 April 2017 ("the said AGM"), all resolutions will be decided by a poll and the votes received in respect of each resolution, together with the level of abstentions will be notified to Bursa Malaysia on the same day the meeting is held, and published on the Company's website at www.westportsholdings.com together with a summary of key matters discussed at the said AGM. The Board will consider the use of electronic voting system to facilitate greater shareholders' participation after taking into consideration of its reliability, applicability and cost efficiency.

CORPORATE GOVERNANCE STATEMENT

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 CEO.

The Company has established a corporate website including the creation of an Investor Relations ("**IR**") 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 documentation such as Notice of AGM, all announcements released by the Company to the Malaysian stock exchange, Bursa Malaysia Securities Berhad, etc. 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 Management Discussion and Analysis under the caption of Investor Relations of this Annual Report.

This Corporate Governance Statement is made in accordance with the resolution of the Board dated 7 March 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Set out below is the Statement on Risk Management and Internal Control provided by the Board of Westports Holdings Berhad pursuant to Paragraph 15.26 (b) of the Bursa Listing Requirements and Practice Note 9 issued by Bursa Malaysia and the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers.

BOARD'S RESPONSIBILITY

The Board in discharging its responsibilities is fully responsible and accountable for the governance of the Group's risk management and internal controls. It acknowledges that a control 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.

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 CEO and 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. In formalising the Risk Register, Heads of Departments have identified who are responsible for identifying action plans to manage and mitigate the risks, with a timeline for completion.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. Organisation Structure

In providing direction and oversight, the Board is supported by a number of Board Committees namely the ARMC and NRCGC. 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 exclusively Independent Non-Executive members of the Board. The current ARMC comprises members who 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.

HIGHLIGHTS
PERSPECTIVE
OUR COMPANY
LEADERSHIP
ACHIEVEMENTS
CORPORATE RESPONSIBILITY
ACCOUNTABILITY
FINANCIAL STATEMENTS
OTHER INFORMATION

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. It also reviews the adequacy and effectiveness of the internal audit function which is further described in the following section on Internal Audit.

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 CEO. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group. It assists the Group to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

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

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

d. Code of Conduct

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

e. Whistleblower Policy

The policy on whistle blowing is set out in the Whistleblower Policy. The policy encourages employees or a person or entity making a protected disclosure ("Whistleblower") to raise concerns internally and at a high-level and to disclose information which the individual believes shows malpractice or misconduct is being committed. This also covers concerns which are in the public interest and may be investigated at least initially, so that appropriate remedial action can be taken.

The Whistleblower Policy also includes provisions to safeguard the confidentiality of the Whistleblower, ensure no retaliation against the Whistleblower if he or she has acted in good faith and measures to avoid abuse of the policy for purposes of making false or malicious allegations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Any complaints or reports can be directed to the CEO 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 ISO/IEC27001 standard. The objective of ISMS is to ensure that core and supporting business operations operate with minimal disruptions, the information produced have integrity and the data are managed and stored with confidentiality procedures. 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 to make 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 CEO. 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 a Business Continuity Plan ("BCP") to ensure business resilience and capability to recover from a crisis. The Group's BCP which contains the responses and strategies that the Group will undertake for critical business functions and the resource requirements to ensure business continuity during a crisis period.

CONCLUSION

The Board is pleased to report for the financial year under review and up to the date of this 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.

This statement is made in accordance with a resolution of the Board dated 7 March 2017.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Audit and Risk Management Committee ("ARMC") was constituted by the Board on 13 March 2013 with a defined Charter of its own. 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.

COMPOSITION AND MEETINGS

The ARMC comprises three (3) members who are Independent Non-Executive Directors. 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 Chairman of the ARMC, Dato' Yusli Bin Mohamed Yusoff, is a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also an honorary member of the Institute of Internal Auditors Malaysia.

The members of the ARMC and their attendances at ARMC meetings during the financial year 2016 are as follows:

Name	Designation	Directorship	Meetings Attended
Dato' Yusli Bin Mohamed Yusoff	Chairman	Independent Non-Executive	4 out of 4
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Member	Independent Non-Executive	4 out of 4
Dato' Abdul Rahim Bin Abu Bakar	Member	Independent Non-Executive	4 out of 4

THE ARMC CHARTER

The ARMC Charter can be found on the Company's website at www.westportsholdings.com.

SUMMARY OF THE ACTIVITIES OF THE ARMC

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 ARMC held four (4) meetings during the financial year 2016. The ARMC is guided by the terms in its charter which is reviewed annually to ensure they are in line with current regulatory requirements.

The principal activities undertaken by the ARMC during the financial year 2016 and up to the date of this report are as follows:

a) Risks Management and Internal Control

- Reviewed the Risk Register of the Group on a quarterly basis with deliberation on key risk items as disclosed in the Management Discussion and Analysis of this Annual Report.

- Reviewed Scenario Analysis on the potential impact of the occurrence of key risk items to the Group's profitability and the proposed action plans to mitigate the impact.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- Carried out the annual review and recommended the following policies to the Board for approval and adoption:

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

b) Financial Reporting

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

  o new accounting standards applicable during the financial year 2016;
  o revenue recognition;
  o adequacy of impairment for property, plant and equipment and concession assets;
  o adequacy of impairment loss made on receivables; and
  o adequacy of accruals on expenses.

- Reviewed significant related party transactions as reported in the quarterly financial results to ensure compliance with Bursa Malaysia Securities Berhad'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 the Group's Internal Audit Plan for the financial years 2016 and 2017.

- 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 financial year 2016, the ARMC reviewed the IA Reports for audits carried out on the core sections of the Group's business including Container and Conventional 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, and

- Assessed the adequacy of scope, functions, competency and resources of the Internal Audit function.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

d) External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year 2016 to ensure that their scope of work adequately covers the activities of the Group;

- Reviewed and discussed with the external auditors the audit findings in relation to the statutory audit for the financial year 2016;

- 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 financial year 2016 audit;

- Reviewed the independence, suitability, objectivity and cost effectiveness of the external auditors before recommending their re-appointment and remuneration to the Board;

- 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. Among matters discussed were the application of the new MFRS standards, assessment of the internal auditors' assignments and support received by the external auditors from Management during their audit.

e) Others

- Reviewed with Management, the Group budget and capital expenditure together with the assumptions for the financial year ending 31 December 2017.

- Reviewed the Solvency Test prior to recommending the declaration of 2nd interim single tier dividend for year ended 2016 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.

The amount of external audit fees and non-audit fees incurred for the financial year 2016 were as follows:-

Fee Incurred	Audit Fee RM'000	Non-Audit Fee RM'000
Company	55	-
Group	275	35

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 Chief Executive Officer.

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. During the financial year 2016, Management had taken remedial actions on all reported control deficiencies within the required timeframes. The ARMC also reviewed Management's implementation status of the action plans to ensure that the findings in the previous audits had been addressed and duly resolved.

The ARMC reviews and approves the IAD's human resource requirements to ensure that the function is adequately staffed with competent and proficient internal auditors. Currently, the IAD comprises four (4) internal auditors with approximately 6,833 man-hours worked for 2016. The ARMC remained satisfied that the Internal Audit function had sufficient resources during the year to undertake its duties.

The operational cost for the internal audit function for the financial year 2016 was RM367,994.

This statement is made in accordance with a resolution of the Board dated 7 March 2017.


Product 1
Product 2
Product 3
Product 4

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and provision of management services to its subsidiary, whilst the principal activities of the subsidiary are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	636,981	450,147

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a second interim ordinary dividend of 5.78 sen per ordinary share totalling to RM197,098,000 in respect of the financial year ended 31 December 2015 on 2 March 2016; and

ii) a first interim ordinary dividend of 7.30 sen per ordinary share totalling to RM248,930,000 in respect of the financial year ended 31 December 2016 on 23 August 2016.

Subsequent to the financial year end, on 8 February 2017 the Directors declared a second interim ordinary dividend of 6.70 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2016.

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

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Dato' Abdul Rahim bin Abu Bakar
Dato' Yusli bin Mohamed Yusoff
Ruben Emir Gnanalingam bin Abdullah
Chan Chu Wei
Jeyakumar Palakrishnar
Ip Sing Chi
Kim, Young So
Tan Sri Ismail Bin Adam
Ruth Sin Ling Tsim
John Stephen Ashworth (appointed as alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim with effect from 1 July 2016)
Raymond Pak Ying Law (resigned as alternate Director to Ip Sing Chi and Ruth Sin Ling Tsim with effect from 1 July 2016)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.10 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Shareholdings in which Directors have direct interests				
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	200,000	-	-	200,000
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	-	-	210,000
Dato' Abdul Rahim bin Abu Bakar	230,000	-	-	230,000
Chan Chu Wei	1,000,000	-	(80,000)	920,000
Jeyakumar Palakrishnar	200,000	-	-	200,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of ordinary shares of RM0.10 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Shareholdings in which Directors have deemed indirect interests				
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam				
Own:				
- Pembinaan Redzai Sdn. Bhd. *	1,445,361,500	-	-	1,445,361,500
Others:				
- Semakin Ajaib Sdn. Bhd. @	105,638,500	-	-	105,638,500
Ruben Emir Gnanalingam bin Abdullah				
Own:				
- Pembinaan Redzai Sdn. Bhd. *	1,445,361,500	-	-	1,445,361,500
- Semakin Ajaib Sdn. Bhd. #	105,638,500	-	-	105,638,500
Jeyakumar Palakrishnar				
Others ^	50,000	-	(50,000)	-

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

@ Puan Sri Datin Ng Siew Yong is the spouse of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Puan Sri Datin Ng Siew Yong in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam.

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

^ Ms. Selvamalar A/P S. Alagaratnam is the spouse of Jeyakumar Palakrishnar. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Ms. Selvamalar A/P S. Alagaratnam in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Jeyakumar Palakrishnar.

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

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which 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 that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Yusli bin Mohamed Yusoff
Director

....

Ruben Emir Gnanalingam bin Abdullah
Director

Kuala Lumpur,
Date: 8 February 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current assets					
Property, plant and equipment	4	1,515,397	1,369,283	-	-
Concession assets	5	2,074,114	1,920,752	-	-
Investments in subsidiary	6	-	-	1,030,130	1,030,130
Total non-current assets		3,589,511	3,290,035	1,030,130	1,030,130
Current assets					
Investment in securities	7	-	103,165	-	103,165
Trade and other receivables	8	339,056	240,182	5	9
Cash and cash equivalents	9	420,510	396,173	15,195	1,331
Total current assets		759,566	739,520	15,200	104,505
Total assets		4,349,077	4,029,555	1,045,330	1,134,635
Equity					
Share capital	10	341,000	341,000	341,000	341,000
Share premium		697,000	697,000	697,000	697,000
Reserves		1,030,925	860,121	7,219	23,249
Total equity		2,068,925	1,898,121	1,045,219	1,061,249
Non-current liabilities					
Borrowings	11	1,150,000	1,150,000	-	-
Employee benefits	12	9,037	10,302	-	-
Deferred tax liabilities	13	308,142	288,475	-	-
Service concession obligation	14	337,341	368,876	-	-
Total non-current liabilities		1,804,520	1,817,653	-	-
Current liabilities					
Trade and other payables	15	269,937	149,298	70	73,386
Provisions	16	165,030	96,014	-	-
Tax payable		9,130	38,507	41	-
Service concession obligation	14	31,535	29,962	-	-
Total current liabilities		475,632	313,781	111	73,386
Total liabilities		2,280,152	2,131,434	111	73,386
Total equity and liabilities		4,349,077	4,029,555	1,045,330	1,134,635

The notes on pages 191 to 241 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	17	2,035,015	1,681,783	431,766	394,815
Cost of sales	18	(1,043,726)	(799,421)	-	-
Gross profit		991,289	882,362	431,766	394,815
Other income		32,755	5,508	20,384	-
Administrative expenses		(36,261)	(27,975)	(2,463)	(2,576)
Other expenses		(168,799)	(146,022)	-	-
Results from operating activities		818,984	713,873	449,687	392,239
Finance income	19	13,213	14,897	964	37
Finance costs	20	(77,378)	(78,627)	(263)	(1,448)
Profit before tax	21	754,819	650,143	450,388	390,828
Tax expense	22	(117,838)	(145,279)	(241)	(1)
Profit for the year		636,981	504,864	450,147	390,827
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		(20,149)	20,149	(20,149)	20,149
Total comprehensive income attributable to the owners of the Company		616,832	525,013	429,998	410,976
Basic earnings per ordinary share (sen)	23	18.68	14.81		

The notes on pages 191 to 241 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Goodwill written off reserve RM'000	Retained earnings RM'000	Total RM'000
		Attributable to owners of the Company					
		Non-distributable				Distributable	
At 1 January 2015		341,000	697,000	-	(47,732)	773,967	1,764,235
Fair value of available-for-sale financial assets		-	-	20,149	-	-	20,149
Profit for the year		-	-	-	-	504,864	504,864
Total comprehensive income for the year		-	-	20,149	-	504,864	525,013
Distributions to owners of the Company							
- Dividends	24	-	-	-	-	(391,127)	(391,127)
Total transactions with owners of the Company		-	-	-	-	(391,127)	(391,127)
At 31 December 2015/ 1 January 2016		341,000	697,000	20,149	(47,732)	887,704	1,898,121
Fair value of available-for-sale financial assets		-	-	(20,149)	-	-	(20,149)
Profit for the year		-	-	-	-	636,981	636,981
Total comprehensive income for the year		-	-	(20,149)	-	636,981	616,832
Distributions to owners of the Company							
- Dividends	24	-	-	-	-	(446,028)	(446,028)
Total transactions with owners of the Company		-	-	-	-	(446,028)	(446,028)
At 31 December 2016		341,000	697,000	-	(47,732)	1,078,657	2,068,925

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Note	Attributable to owners of the Company Non-distributable Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2015		341,000	697,000	-	3,400	1,041,400
Fair value of available-for-sale financial assets		-	-	20,149	-	20,149
Profit for the year		-	-	-	390,827	390,827
Total comprehensive income for the year		-	-	20,149	390,827	410,976
Distributions to owners of the Company						
- Dividends	24	-	-	-	(391,127)	(391,127)
Total transactions with owners of the Company		-	-	-	(391,127)	(391,127)
At 31 December 2015/ 1 January 2016		341,000	697,000	20,149	3,100	1,061,249
Fair value of available-for-sale financial assets		-	-	(20,149)	-	(20,149)
Profit for the year		-	-	-	450,147	450,147
Total comprehensive income for the year		-	-	(20,149)	450,147	429,998
Distributions to owners of the Company						
- Dividends	24	-	-	-	(446,028)	(446,028)
Total transactions with owners of the Company		-	-	-	(446,028)	(446,028)
At 31 December 2016		341,000	697,000	-	7,219	1,045,219

The notes on pages 191 to 241 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities				
Profit before tax	754,819	650,143	450,388	390,828
Adjustments for:				
Amortisation of concession assets	64,503	62,077	-	-
Dredging expenditure	3,141	1,740	-	-
Depreciation of property, plant and equipment	100,440	91,363	-	-
Dividend income	-	(734)	(431,766)	(394,815)
Gain on disposal of property, plant and equipment	(421)	(1,229)	-	-
Gain on disposal of investment in quoted shares	(20,384)	-	(20,384)	-
Property, plant and equipment written off	13,732	929	-	-
Concession assets written off	-	6,171	-	-
Finance costs – accretion of service concession obligation	20,939	22,342	-	-
Finance costs – borrowings	56,439	56,285	263	1,448
Finance income	(13,213)	(14,897)	(964)	(37)
(Release of)/Provision for retirement benefits	(1,100)	548	-	-
Impairment loss on trade receivables	9,271	242	-	-
Operating profit/(loss) before working capital changes	988,166	874,980	(2,463)	(2,576)
Changes in working capital:				
Trade and other receivables	(111,286)	(34,795)	4	(5)
Trade and other payables	120,485	18,031	(62)	30
Provisions	69,016	9,089	-	-
Cash generated from/(used in) operations	1,066,381	867,305	(2,521)	(2,551)
Income tax paid	(127,548)	(96,438)	(200)	(1)
Retirement benefits paid	(165)	(238)	-	-
Net cash generated from/(used in) operating activities	938,668	770,629	(2,721)	(2,552)
Cash flows from investing activities				
Interest received	13,213	14,897	964	37
Dividend received	-	734	431,766	394,815
Proceeds from disposal of property, plant and equipment	653	1,841	-	-
Purchase of property, plant and equipment	(260,028)	(144,724)	-	-
Additions to concession assets	(230,465)	(106,703)	-	-
Purchase of spares, net	(490)	(853)	-	-
Proceeds received from Government of Malaysia	12,600	-	-	-
Proceeds from disposal of/(purchase) of investment in quoted shares	103,400	(83,016)	103,400	(83,016)
Payment for dredging expenditure	-	(4,712)	-	-
Net cash (used in)/generated from investing activities	(361,117)	(322,536)	536,130	311,836

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities					
Fixed deposits pledged for borrowings		(1,157)	(1,090)	-	-
Interest paid		(56,285)	(56,285)	(263)	(1,448)
(Repayment to)/Advances from a subsidiary		-	-	(73,254)	84,590
Dividends paid to shareholders		(446,028)	(391,127)	(446,028)	(391,127)
Annual lease paid for use of port infrastructures and facilities		(50,901)	(49,066)	-	-
Net cash used in financing activities		(554,371)	(497,568)	(519,545)	(307,985)
Net increase/(decrease) in cash and cash equivalents		23,180	(49,475)	13,864	1,299
Cash and cash equivalents at 1 January		364,727	414,202	1,331	32
Cash and cash equivalents at 31 December	(i)	387,907	364,727	15,195	1,331

(i) Cash and cash equivalents

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

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	9	170,685	108,504	1,160	1,331
Fixed deposits with licensed banks	9	249,825	287,669	14,035	-
		420,510	396,173	15,195	1,331
Less: Pledged deposits	9	(32,603)	(31,446)	-	-
		387,907	364,727	15,195	1,331

The notes on pages 191 to 241 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Westports Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
P.O. Box 266
Pulau Indah
42009 Port Klang
Selangor Darul Ehsan

Registered office
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiary as disclosed in Note 6 (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally involved in investment holding and the provision of management services to its subsidiary, whilst the principal activities of its subsidiary and its effective ownership interests are as stated in Note 6 to the consolidated financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 8 February 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;

- from the annual period beginning on 1 January 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018; and

- from the annual period beginning on 1 January 2019 for the accounting standard that are effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, amendments or interpretations, are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 9, *Financial Instruments*

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

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(ii) MFRS 15, *Revenue from Contract with Customers*

MFRS 15 will replace the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(iii) MFRS 16, *Leases*

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

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 26.7 – fair value of financial instruments that uses significant unobservable inputs in determination of the fair values.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency transactions

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

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market and also includes trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debts securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for debt instrument using the effective interest method is recognised in profit or loss.

Loans and receivables and available-for-sale financial assets are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

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.

(ii) Subsequent costs

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 or the Company, 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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 are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Plant, machinery and equipment	5 to 30 years
• Motor vehicles	5 to 7 years
• Office equipment, furniture and fittings	3 to 10 years

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Spares are charged to profit or loss upon usage.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Concession assets

(i) Recognition and measurement

(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 (as disclosed in Note 2(e)(i)(b) and Note 2(e)(iii)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Concession assets (continued)

(i) Recognition and measurement (continued)

(a) Service concession arrangement (continued)

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

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

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

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

(ii) Subsequent costs

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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss.

(iii) Amortisation

Concession assets (other than annual lease payments for the use of land and facilities as disclosed in Note 2(e)(i)(b)) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Concession assets (continued)

(iv) Determination of fair values

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 determined 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.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company 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.

(ii) Operating lease

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

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

(g) Cash and cash equivalents

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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are classified as equity.

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of other assets in the cash-generating unit (groups of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Employee benefits

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(ii) State plans

The Group's contribution to statutory pension funds 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.

(iii) Defined benefit plan

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

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

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.

(k) Provisions

A provision is 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

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.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive 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 the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income

(i) Port operations

Income from port operation is recognised in profit or loss upon performance of services.

(ii) Service concession arrangement

Revenue related to construction or upgrade services under a service concession arrangement is recognised based on the stage of completion of the work performed. The stage of completion is assessed by reference to actual cost incurred.

(iii) Rental income

Rental income from land and building is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) 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.

(v) 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.

(o) Contingencies

(i) Contingent liabilities

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.

(ii) Contingent assets

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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 attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating segments

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.

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises the transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

3. SERVICE CONCESSION ARRANGEMENT

On 25 July 1994, a subsidiary of the Group, WMSB entered into a privatisation agreement with PKA and GOM (collectively, PKA and GOM are known as the "Grantor"). The agreement ("Privatisation Agreement") provides the subsidiary with the licence to operate the port and to lease the said port property. Under the terms of the agreement, the subsidiary will operate the port for a period of 30 years, commencing from 1 September 1994 ("Take-over Date").

The Group has the right to charge the users of the port for services rendered, which the Group will collect and retain; however, the fees are capped subject to the tariffs for port services as determined by PKA and GOM. At the end of the concession period, the relevant port infrastructures and facilities will revert to the Grantor and the Group will have no further involvement in its operation and maintenance requirements.

As consideration to lease the said port property from PKA and GOM, the subsidiary has agreed to the annual base lease rentals and profit sharing payments at agreed terms.

A supplementary privatisation agreement dated 27 March 1999 and the second supplemental agreement dated 15 February 2010 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.

The terms of the second supplemental agreement primarily provides for an additional concession period of 30 years; revision of the terms of the profit sharing payments and certain clarifications and/or additions to the existing terms and definitions of the Privatisation Agreement and supplementary privatisation agreement. The additional concession period of 30 years will commence on the day after the 30th anniversary of the Take-over Date upon the fulfilment of the following conditions:-

a) completion of land reclamation works for container terminal ("CT") no. 6 to no. 9 on or before 1 January 2014; and

b) completion of construction works for the CT no. 6 and for it to be operationalised on or before 1 January 2014.

PKA has vide its letter dated 26 June 2014, consented to the extension of concession period of 30 years from 1 September 2024 to 31 August 2054, subject to the terms and conditions as set out in the Privatisation Agreement dated 25 July 1994 and the supplemental agreements executed thereafter, between the GOM, PKA and WMSB.

The Grantor may terminate the service concession agreement by giving not less than 3 calendar months' notice to that effect to the Group (without any obligation to give any reason thereof) if it considers that such termination is necessary for national interest, in the interest of national security or for the purpose of Government policy or public policy. Upon such termination, the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

4. 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	Spares RM'000	Total RM'000
Cost						
At 1 January 2015	2,011,216	15,143	40,882	3,827	8,988	2,080,056
Additions	-	-	-	144,724	12,399	157,123
Disposals	(22,740)	(4,175)	-	-	-	(26,915)
Write off	(10,370)	-	(6,925)	-	-	(17,295)
Reclassification to concession assets	-	-	-	(5,081)	-	(5,081)
Transfers	53,428	4,913	4,064	(62,405)	-	-
Usage	-	-	-	-	(11,546)	(11,546)
At 31 December 2015/ 1 January 2016	2,031,534	15,881	38,021	81,065	9,841	2,176,342
Additions	-	-	-	261,120	7,665	268,785
Disposals	(2,118)	-	(17)	-	-	(2,135)
Write off	(25,224)	(10)	(347)	-	-	(25,581)
Reclassification to concession assets	-	-	-	(1,092)	-	(1,092)
Transfers	222,814	3,048	1,454	(227,316)	-	-
Usage	-	-	-	-	(7,175)	(7,175)
At 31 December 2016	2,227,006	18,919	39,111	113,777	10,331	2,409,144

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Assets under construction RM'000	Spares RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2015	717,366	10,075	30,924	-	-	758,365
Charge for the year	86,657	1,599	3,107	-	-	91,363
Disposals	(22,248)	(4,055)	-	-	-	(26,303)
Write off	(10,051)	-	(6,315)	-	-	(16,366)
At 31 December 2015/ 1 January 2016	771,724	7,619	27,716	-	-	807,059
Charge for the year	94,806	2,118	3,516	-	-	100,440
Disposals	(1,897)	-	(6)	-	-	(1,903)
Write off	(11,500)	(4)	(345)	-	-	(11,849)
At 31 December 2016	853,133	9,733	30,881	-	-	893,747
Carrying amounts						
At 1 January 2015	1,293,850	5,068	9,958	3,827	8,988	1,321,691
At 31 December 2015/ 1 January 2016	1,259,810	8,262	10,305	81,065	9,841	1,369,283
At 31 December 2016	1,373,873	9,186	8,230	113,777	10,331	1,515,397

NOTES TO THE FINANCIAL STATEMENTS

5. 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 2015	552,383	1,771,780	1,355	2,325,518
Additions	-	-	106,703	106,703
Write off	-	(19,466)	-	(19,466)
Reclassification from property, plant and equipment	-	-	5,081	5,081
Transfers	-	9,105	(9,105)	-
At 31 December 2015/1 January 2016	552,383	1,761,419	104,034	2,417,836
Additions	-	-	229,373	229,373
Write off	-	(2,715)	-	(2,715)
Reclassification from property, plant and equipment	-	-	1,092	1,092
Transfers	-	217,095	(217,095)	-
Proceeds received from Government of Malaysia	-	(12,600)	-	(12,600)
At 31 December 2016	552,383	1,963,199	117,404	2,632,986
Accumulated amortisation				
At 1 January 2015	109,133	339,169	-	448,302
Amortisation for the year	18,189	43,888	-	62,077
Write off	-	(13,295)	-	(13,295)
At 31 December 2015/1 January 2016	127,322	369,762	-	497,084
Amortisation for the year	18,189	46,314	-	64,503
Write off	-	(2,715)	-	(2,715)
At 31 December 2016	145,511	413,361	-	558,872
Carrying amounts				
At 1 January 2015	443,250	1,432,611	1,355	1,877,216
At 31 December 2015/1 January 2016	425,061	1,391,657	104,034	1,920,752
At 31 December 2016	406,872	1,549,838	117,404	2,074,114

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN SUBSIDIARY

	Company	
	2016 RM'000	2015 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	Note	Principal activities	Effective ownership interest 2016 %	Effective ownership interest 2015 %
Westports Malaysia Sdn. Bhd.^	6.1	Port development and management of port operations	100	100

^ Audited by KPMG Malaysia.

Note 6.1

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 Government policies. The special shareholder or any person acting on behalf of the special shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class of shareholders of the subsidiary, but the special shareholder shall carry no right to vote nor any other rights at any such meeting.

The special shareholder shall be entitled to nominate one Director to be on the Board of Directors of the subsidiary.

Certain matters, in particular the alteration of the Articles of Association of the subsidiary relating to the rights of the special shareholder, creation and issue of additional shares which carry different voting rights, the dissolution of the subsidiary, substantial disposal of assets, amalgamations, merger and takeover and any proposals affecting the interests of the GOM or the national interest require prior consent of the special shareholder.

The special shareholder does not have any right to participate in the capital or profits of the subsidiary. The special shareholder has the right to require the subsidiary to redeem the special share at par at any time.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SECURITIES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Available-for-sale financial assets				
Quoted shares in Malaysia	-	103,165	-	103,165
Market value of quoted investment	-	103,165	-	103,165

The Group and the Company disposed the investment in securities during the current year pursuant to a mandatory general offer exercise.

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade					
Trade receivables		271,309	215,895	-	-
Non-trade					
Other receivables	8.1	63,362	20,083	-	4
Deposits		815	815	5	5
Prepayments		3,570	3,389	-	-
		67,747	24,287	5	9
		339,056	240,182	5	9

8.1 Included in other receivables are advance payment for construction work amounting to RM25,940,000 (2015: RM1,163,000), input GST recoverable of RM18,231,000 (2015: RM7,623,000), and investments in club memberships amounting to RM1,850,000 (2015: RM1,850,000).

NOTES TO THE FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	170,685	108,504	1,160	1,331
Fixed deposits with licensed banks	249,825	287,669	14,035	-
	420,510	396,173	15,195	1,331

Fixed deposits with licensed banks include pledged deposits of RM32,603,000 (2015 : RM31,446,000) as securities for Sukuk Musharakah Medium Term Note programmes of the subsidiary (Note 11).

10. SHARE CAPITAL AND RESERVES

	Group and Company			
	2016 Amount RM'000	2016 Number of shares '000	2015 Amount RM'000	2015 Number of shares '000
Authorised:				
Ordinary shares of RM0.10 each				
At 1 January/31 December	500,000	5,000,000	500,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each				
At 1 January/31 December	341,000	3,410,000	341,000	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.

Share premium

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Goodwill written-off reserve

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

11. BORROWINGS

	Note	Group 2016 RM'000	Group 2015 RM'000
Non-current			
Sukuk Musharakah Medium Term Note	11.1	1,150,000	1,150,000

Note 11.1

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 ranges 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 ranges 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 ranges 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 ranges from 4.60% to 4.85% per annum.

There has been no new draw down of the SMTN in the current and previous financial year.

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 9.

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 July 2016.

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12. EMPLOYEE BENEFITS

	Group 2016 RM'000	Group 2015 RM'000
Present value of unfunded obligations		
Provision for retirement benefits	9,037	10,302

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 2016	Group 2015
Discount rate	5.75%	5.50%
Expected annual salary increment rate	7%	7%

Movements in the present value of defined benefit obligations:

	Group 2016 RM'000	Group 2015 RM'000
Defined benefit obligations at 1 January	10,302	9,992
(Income)/Expenses recognised in profit or loss	(1,100)	548
Retirement benefits paid	(165)	(238)
Defined benefit obligations at 31 December	9,037	10,302

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

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES

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

	Group 2016 RM'000	Group 2015 RM'000
Deferred tax liabilities	339,386	308,410
Deferred tax assets	(31,244)	(19,935)
	308,142	288,475

Movement in deferred tax assets and liabilities (prior to offsetting of balances) of the Group during the year are as follows:

Group	At 1.1.2015 RM'000	Recognised in profit or loss RM'000	At 31.12.2015/ 1.1.2016 RM'000	Recognised in profit or loss RM'000	At 31.12.2016 RM'000
Deferred tax liabilities					
Property plant and equipment and concession assets	299,397	8,080	307,477	31,721	339,198
Others	239	694	933	(745)	188
	299,636	8,774	308,410	30,976	339,386
Deferred tax assets					
Provisions	26,971	(7,036)	19,935	11,309	31,244

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.

NOTES TO THE FINANCIAL STATEMENTS

14. SERVICE CONCESSION OBLIGATION

	Group	
	2016 RM'000	2015 RM'000
At 1 January	398,838	425,562
Finance costs	20,939	22,342
Payment of lease rental	(50,901)	(49,066)
At 31 December	368,876	398,838
Minimum lease payments:		
Less than one year	50,901	50,901
Between one and five years	288,952	278,822
More than five years	125,221	186,252
Less: Future finance costs	(96,198)	(117,137)
	368,876	398,838
Analysed as:		
Due within twelve months	31,535	29,962
Due after twelve months	337,341	368,876
	368,876	398,838

15. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade payables	15.1	127,560	71,156	-	-
Accrued expenses	15.2	37,260	42,806	-	-
		164,820	113,962	-	-
Non-trade					
Other payables		91,677	24,819	70	98
Accrued expenses	15.3	13,440	10,517	-	34
Amount due to subsidiary	15.4	-	-	-	73,254
		269,937	149,298	70	73,386

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES (CONTINUED)

15.1 Included in trade payables are balances due to related parties amounting to RM28,000 (2015: RM28,000) which are unsecured, interest free and repayable on demand.

15.2 Included in trade accrued expenses of the Group is deferred revenue for sub-lease of land with various lessees amounting to RM9,505,000 (2015 : RM7,582,000).

15.3 Included in non-trade accrued expenses of the Group is profit sharing expenses payable to the port authority amounting to RM11,267,000 (2015 : RM10,239,000).

15.4 Amount due to subsidiary in the previous year was unsecured, subject to interest at 4.85% to 4.96% per annum and was repayable on demand.

16. PROVISIONS

Included in provisions are payables to various external parties relating to marketing activities amounting to RM165,030,000 (2015 : RM96,014,000). The movements in the provisions during the reporting year were as follows:

	Group RM'000
At 1 January 2015	86,925
Provisions made	184,525
Payments made	(175,436)
At 31 December 2015/1 January 2016	96,014
Provisions made	248,669
Payments made	(179,653)
At 31 December 2016	165,030

17. REVENUE

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Port operations		1,767,091	1,542,104	-	-
Rental income					
- land and buildings		37,245	35,460	-	-
Construction revenue	17.1	230,679	103,485	-	-
Dividend income		-	734	431,766	394,815
		2,035,015	1,681,783	431,766	394,815

NOTES TO THE FINANCIAL STATEMENTS

17. REVENUE (CONTINUED)

17.1 Construction revenue represents the revenue recorded in accordance with IC Interpretation 12 related to the construction of port related infrastructures under the privatisation agreements and is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy as disclosed in Note 2(n)(ii).

18. COST OF SALES

	Group	
	2016 RM'000	2015 RM'000
Port operations	813,047	695,936
Construction cost	230,679	103,485
	1,043,726	799,421

19. FINANCE INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
Fixed deposits interest	12,747	14,589	964	-
Staff loan interest	20	78	-	-
Other interest	446	230	-	37
	13,213	14,897	964	37

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20. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Borrowings – SMTN	56,439	56,285	-	-
Accretion – service concession obligation	20,939	22,342	-	-
Other interest expenses	-	-	263	1,448
	77,378	78,627	263	1,448

21. PROFIT BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- Statutory audit fees	275	260	55	52
- Non-audit fees	35	35	-	-
Depreciation of property, plant and equipment	100,440	91,363	-	-
Amortisation of concession assets	64,503	62,077	-	-
Dredging expenditure	3,141	1,740	-	-
Concession assets written off	-	6,171	-	-
Property, plant and equipment written off	13,732	929	-	-
Impairment loss on trade receivables	9,271	242	-	-
Personnel expenses (including key management personnel):				
- Provision for retirement benefits	-	548	-	-
- Defined contribution plan	28,711	27,123	-	-
- Wages, salaries and bonus	203,305	189,818	-	-
- Other employee benefits	2,312	2,018	-	-
Rental expense in respect of:				
- Premises	235	235	-	-
- Equipment	39,915	35,831	-	-
Profit sharing with PKA	11,322	10,331	-	-
Net realised foreign exchange loss	691	214	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
and after crediting:				
Dividend income				
- Subsidiary	-	-	431,766	394,081
- Quoted shares in Malaysia	-	734	-	734
Gain on disposal of investment in quoted shares	20,384	-	20,384	-
Release of provision for retirement benefits	1,100	-	-	-
Gain on disposal of property, plant and equipment	421	1,229	-	-

22. TAX EXPENSE

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Recognised in profit or loss					
Current tax expense					
- Current		104,452	133,488	232	1
- (Over)/Under provision in prior years		(6,281)	(4,019)	9	-
		98,171	129,469	241	1
Deferred tax expense					
- Origination of temporary differences		16,804	16,104	-	-
- Under/(Over) provision in prior years		2,863	(294)	-	-
		117,838	145,279	241	1

NOTES TO THE FINANCIAL STATEMENTS

22. TAX EXPENSE (CONTINUED)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Reconciliation of tax expense					
Profit before tax		754,819	650,143	450,388	390,828
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)		181,157	162,536	108,093	97,707
Non-deductible expenses		3,260	2,107	655	1
Non-taxable income		(4,892)	(184)	(108,516)	(97,707)
Tax incentive	22.1	(58,269)	-	-	-
Effect of changes in tax rates		-	(14,867)	-	-
		121,256	149,592	232	1
(Over)/Under provision in prior years					
- Current tax		(6,281)	(4,019)	9	-
- Deferred tax		2,863	(294)	-	-
		117,838	145,279	241	1

22.1 On 27 May 2010, a subsidiary, WMSB, had 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. The tax incentive expired in the prior year.

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.

23. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM636,981,000 (2015: RM504,864,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,410,000,000 (2015: 3,410,000,000).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current financial year as the Group does not have dilutive instruments.

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24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Amount RM'000	Date of payment
2016			
Second interim 2015 ordinary	5.78	197,098	2 March 2016
First interim 2016 ordinary	7.30	248,930	23 August 2016
		446,028	
2015			
Second interim 2014 ordinary	6.15	209,715	11 March 2015
First interim 2015 ordinary	5.32	181,412	26 August 2015
		391,127	

Subsequent to the financial year end, on 8 February 2017 the Directors declared a second interim dividend of 6.70 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2016.

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.

25. OPERATING SEGMENTS

The Board of Directors reviews internal management reports on a monthly basis. Operating segments are components in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of port development and management of port operations as its sole operating segment.

The Board of Directors does not consider investment holding activities as a reportable segment. For segmental reporting, unallocated costs relate to administrative expenses of the holding company. Unallocated assets and liabilities pertain to the holding company's property, plant and equipment, other receivables, investments in securities, cash and cash equivalents, other payables and tax liabilities.

No entity wide geographic information is provided as the Group's activities are carried out predominantly in Malaysia.

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets
Segment assets information is not presented regularly to the Board of Directors and hence, no disclosure is made on the segment asset.

Segment liabilities
Segment liabilities information is not presented regularly to the Board of Directors and hence, no disclosure is made on the segment liability.

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.

NOTES TO THE FINANCIAL STATEMENTS

25. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment

	Port development and management of port operations 2016 RM'000	Port development and management of port operations 2015 RM'000
Reportable segment profit	801,063	715,716
Included in the measure of segment profit are:		
Revenue - external customers	1,804,336	1,578,298
- construction services for GOM	230,679	103,485
Depreciation	(100,440)	(91,363)
Amortisation	(64,503)	(62,077)
Property, plant and equipment written off	(13,732)	(929)
Concession assets written off	-	(6,171)
Gain on disposal of property, plant and equipment	421	1,229

Reconciliation of reportable segment profit and revenue

	Port development and management of port operations 2016 RM'000	Port development and management of port operations 2015 RM'000
Profit		
Reportable segment	801,063	715,716
Non-reportable segment	17,921	(1,843)
Finance income	13,213	14,897
Finance costs	(77,378)	(78,627)
Consolidated profit before tax	754,819	650,143
Revenue		
Reportable segment	2,035,015	1,681,049
Non-reportable segment	-	734
Consolidated revenue	2,035,015	1,681,783

Geographical information

The revenues 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 RM333,460,000 (2015 : RM321,465,000) contributed 16% (2015: 19%) of the Group's revenue.

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26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R")*;
(b) Available-for-sale financial assets ("AFS")
(c) Financial liabilities measured at amortised cost ("FL")^.

	Carrying amount RM'000	AFS RM'000	L&R/ (FL) RM'000
Group			
2016			
Financial assets			
Trade and other receivables *	314,619	-	314,619
Cash and cash equivalents	420,510	-	420,510
	735,129	-	735,129
Financial liabilities			
Borrowings	(1,150,000)	-	(1,150,000)
Trade and other payables ^	(260,432)	-	(260,432)
Service concession obligation	(368,876)	-	(368,876)
	(1,779,308)	-	(1,779,308)
2015			
Financial assets			
Investment in securities	103,165	103,165	-
Trade and other receivables *	223,392	-	223,392
Cash and cash equivalents	396,173	-	396,173
	722,730	103,165	619,565
Financial liabilities			
Borrowings	(1,150,000)	-	(1,150,000)
Trade and other payables ^	(141,716)	-	(141,716)
Service concession obligation	(398,838)	-	(398,838)
	(1,690,554)	-	(1,690,554)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AFS RM'000	L&R/ (FL) RM'000
Company			
2016			
Financial assets			
Trade and other receivables	5	-	5
Cash and cash equivalents	15,195	-	15,195
	15,200	-	15,200
Financial liabilities			
Trade and other payables	(70)	-	(70)
2015			
Financial assets			
Investment in securities	103,165	103,165	-
Trade and other receivables	9	-	9
Cash and cash equivalents	1,331	-	1,331
	104,505	103,165	1,340
Financial liabilities			
Trade and other payables	(73,386)	-	(73,386)

* Excludes investments in club membership, prepayments and input tax recoverable.

^ Excludes deferred revenue.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Net gains and losses arising from financial instruments

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Net gains/(losses) on:				
Loans and receivables:				
- allowances for impairment losses - trade	(9,271)	(242)	-	-
- fixed deposits interests	12,747	14,589	964	-
- staff loan interests	20	78	-	-
	3,496	14,425	964	-
Financial liabilities measured at amortised cost:				
- borrowings – SMTN	(56,439)	(56,285)	-	-
- revolving credit interest	-	-	-	-
- accretion – service concession obligation	(20,939)	(22,342)	-	-
- intercompany advances	-	-	(263)	(1,448)
	(77,378)	(78,627)	(263)	(1,448)
Available-for-sale financial assets				
- recognised in other comprehensive income	-	20,149	-	20,149
	-	20,149	-	20,149
	(73,882)	(44,053)	701	18,701

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

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, investment in securities and cash and cash equivalents. The Company's exposure to credit risk arises principally from its amount due from subsidiary and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

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 maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

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 ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days are deemed to have higher credit risk, and may be monitored individually.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts from 5 (2015 : 4) main customers, representing approximately 47% (2015 : 43%) of the Group's trade receivables.

The Group obtains financial guarantees from certain customers in managing its exposures to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM45.3 million (2015 : RM36.7 million) from trade receivables.

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26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2016				
Not past due	164,966	-	-	164,966
Past due 1 - 30 days	69,312	-	-	69,312
Past due 31 - 120 days	34,442	-	-	34,442
Past due more than 120 days	12,199	(9,610)	-	2,589
	280,919	(9,610)	-	271,309
2015				
Not past due	158,496	-	-	158,496
Past due 1 - 30 days	40,604	-	-	40,604
Past due 31 - 120 days	16,250	-	-	16,250
Past due more than 120 days	1,273	(728)	-	545
	216,623	(728)	-	215,895

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	728	486
Impairment loss recognised	9,271	242
Impairment loss written off	(389)	-
At 31 December	9,610	728

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

Amount due from subsidiary

Risk management objectives, policies and processes for managing the risk

In the prior year, the Company provided unsecured advances to a subsidiary. The Company monitors the results of the subsidiary regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amount due from subsidiary is not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group 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. Management does not expect any counterparty to fail to meet its obligations.

26.5 Liquidity risk

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 amounts.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.5 Liquidity risk (continued)

Maturity analysis

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 RM'000	Contractual profit/ interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2016							
Non-derivative financial liabilities							
Borrowings	1,150,000	4.43% - 5.38%	1,611,278	56,285	56,285	265,500	1,233,208
Trade and other payables	260,432	-	260,432	260,432	-	-	-
Service concession obligation	368,876	5.25%	465,074	50,901	50,901	177,020	186,252
	1,779,308		2,336,784	367,618	107,186	442,520	1,419,460
2015							
Non-derivative financial liabilities							
Borrowings	1,150,000	4.69% - 4.99%	1,667,563	56,285	56,285	168,855	1,386,138
Trade and other payables	141,716	-	141,716	141,716	-	-	-
Service concession obligation	398,838	5.25%	515,975	50,901	50,901	168,914	245,259
	1,690,554		2,325,254	248,902	107,186	337,769	1,631,397

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26. FINANCIAL INSTRUMENTS (CONTINUED)

26.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual profit/ interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2016							
Non-derivative financial liabilities							
Other payables	70	-	70	70	-	-	-
2015							
Non-derivative financial liabilities							
Other payables	98	-	98	98	-	-	-
Accrued expenses	34	-	34	34	-	-	-
Amount due to subsidiary	73,254	4.84% - 4.96%	76,843	76,843	-	-	-
	73,386		76,975	76,975	-	-	-

26.6 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases of machineries and parts that are denominated in currency other than the functional currency of the Group. The currency that gives rise to this risk is primarily the U.S. Dollar.

Risk management objectives, policies and processes for managing the risk

Exposure to foreign currency risk is monitored and where considered necessary, the Group may consider appropriate hedging strategies to mitigate the foreign currency risks.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

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.

26.6.2 Interest rate risk

The Group does not have any significant exposure to interest rate risk as the financial assets and financial liabilities are subjected to fixed rates but the Group does not measure them at fair value.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
Fixed deposits with licensed banks	249,825	287,669	14,035	-
Borrowings	(1,150,000)	(1,150,000)	-	-
Service concession obligation	(368,876)	(398,838)	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Market risk (continued)

26.6.3 Other price risk

Equity risk arises from the Group's and Company's investments in securities.

Risk management objectives, policies and processes for managing the risk

The Group monitors the equity investments on an individual basis and all buy and sell decisions are approved by the management of the Group.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's and Company's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FTBMKLCI").

A 10% (2015:10%) strengthening of the FTBMKLCI at the end of the reporting period would have increased equity by Nil (2015: RM10,317,000) for investments classified as available-for-sale. A 10% (2015 : 10%) weakening in FTBMKLCI would have had an equal but opposite effect on equity.

26.7 Fair value information

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.

The table below analyses financial instruments carried at fair value and those 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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2016										
Financial liabilities										
Borrowings	-	-	-	-	-	-	1,130,557	1,130,557	1,130,557	1,150,000
Service concession obligation	-	-	-	-	-	-	307,635	307,635	307,635	368,876
Group										
2015										
Financial assets										
Investment in securities	103,165	-	-	103,165	-	-	-	-	103,165	103,165

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26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2015										
Financial liabilities										
Borrowings	-	-	-	-	-	-	1,114,639	1,114,639	1,114,639	1,150,000
Service concession obligation	-	-	-	-	-	-	323,423	323,423	323,423	398,838
Company										
2016										
Financial assets										
Investment in securities	-	-	-	-	-	-	-	-	-	-
2015										
Financial assets										
Investment in securities	103,165	-	-	103,165	-	-	-	-	103,165	103,165

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

The following summarises the methods used in determining the fair value of financial instruments reflected in the table.

Investment in securities

The fair values of investment in securities are determined by reference to their quoted closing price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flows	Interest rate of 4.63%-4.99% (2015: 4.87%-5.17%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)
Service concession obligation	Discounted cash flows	Interest rate of 4.83% (2015: 4.83%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)

27. 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	
	2016 RM'000	2015 RM'000
Total borrowings	1,150,000	1,150,000
Less: Cash and cash equivalents	(420,510)	(396,173)
Net debt	729,490	753,827
Total equity	2,068,925	1,898,121
Debt-to-equity ratio	0.35	0.40

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

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28. CAPITAL COMMITMENTS

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
Authorised and contracted for	764,435	604,983
Authorised but not contracted for	99,830	8,566

29. LONG TERM INFORMATION TECHNOLOGY SERVICES AGREEMENT

Non-cancellable long term information technology services agreement are payable as follows:

	Group	
	2016 RM'000	2015 RM'000
Less than one year	27,175	23,405
Between one and five years	77,796	71,562
	104,971	94,967

The Group entered into an information technology infrastructures services agreement which typically runs for a period of 10 years.

30. OPERATING LEASES

Leases as lessor

The Group sub-leases out certain land under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2016 RM'000	2015 RM'000
Less than one year	30,957	25,378
Between one and five years	142,922	122,689
More than five years	100,737	121,407
	274,616	269,474

NOTES TO THE FINANCIAL STATEMENTS

31. 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 is disclosed in Note 32.

The Group has related party relationship with its significant investors, subsidiary, related companies, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business and under negotiated terms. The balances related to the below transaction is shown in Note 15.

	Group	
	2016 RM'000	2015 RM'000
Corporate shareholder		
Pembinaan Redzai Sdn. Bhd.		
- Administrative expenses	25	-
Companies in which a Director has significant financial interest		
KL Dragons Sdn. Bhd.		
- Sponsorship for basketball team	1,590	1,908
Cloud Ten Executive Travel & Tours Sdn. Bhd.		
- Flight ticket and accommodation	1,814	1,205
Gryss Holdings Sdn. Bhd.		
- Office rental	283	298
Westports Bunkering Services Sdn. Bhd.		
- Rental income	-	(886)
PKT Logistics (M) Sdn. Bhd.		
- Revenue and rental income	(1,511)	-

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Company	
	2016 RM'000	2015 RM'000
Subsidiary		
Westports Malaysia Sdn. Bhd.		
- Interest expense	263	1,448
- Loan repayment/advances	(73,254)	84,590

32. 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 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' fees	2,040	2,500	1,080	1,320
Remuneration	12,900	12,750	-	-
Defined contribution plan	2,166	2,142	-	-
Allowances	676	453	650	429
	17,782	17,845	1,730	1,749

The estimated monetary value of Directors' benefit-in-kind is RM155,000 (2015 : RM148,000).

NOTES TO THE FINANCIAL STATEMENTS

33. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	1,386,799	1,176,179	7,219	3,100
- unrealised	(308,142)	(288,475)	-	-
Total retained earnings	1,078,657	887,704	7,219	3,100

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 185 to 240 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 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 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 241 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

………………………………………………………………………………..

Dato' Yusli bin Mohamed Yusoff
Director

………………………………………………………………………………..

Ruben Emir Gnanalingam bin Abdullah
Director

Kuala Lumpur,

Date: 8 February 2017

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Lim Beng Keem**, 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 185 to 241 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Lim Beng Keem, I/C No 550503-05-5705, in Kuala Lumpur in the Federal Territory on 8 February 2017.

....
Lim Beng Keem

Before me:

D. Selvaraj
Commissioner of Oaths
No. W320

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTPORTS HOLDINGS BERHAD

(Company No. 262761-A) (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 as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and 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 185 to 240.

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 2016 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, 1965 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matter

A key audit matter is the matter that, in our professional judgment, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTPORTS HOLDINGS BERHAD

(Company No. 262761-A) (Incorporated in Malaysia)

Key Audit Matter (continued)

Revenue Recognition	
Refer to Note 2(n) and Note 17 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Revenue of the Group mainly comprises income generated from port operations. Revenue from port operations is recognised when services are rendered to customers. Revenue recognition is a key audit matter because: • The Group provides a variety of services to its customers, with different terms and pricing. These data are captured into the operating system ("IT system") of the Group, which then interfaces with the accounting system. • There is a high dependency on the accuracy of the interface between these two systems.	We performed the following audit procedures, among others, around revenue recognition: • We evaluated the design and implementation of key controls over the accuracy and timing of revenue recognition in the financial statements, and tested their effectiveness. • We involved our Information Technology specialists to test the control environment of the IT systems and application controls relevant to the recognition of revenue. • We tested revenue recognised around the year-end date by verifying to relevant supporting documents of services rendered, to assess whether those transactions were recognised in the correct accounting year. • We checked transactions recorded in the general ledger to invoices and acknowledged pilot chits to ascertain the existence and accuracy of revenue transaction. • We analysed the trend of credit note issuance after the year-end date to determine if there were any evidence that revenue was recognised in the wrong period.

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 Directors' Report of the Company and other 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTPORTS HOLDINGS BERHAD

(Company No. 262761-A) (Incorporated in Malaysia)

Responsibilities of 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, 1965 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 ability of the Group and of the Company 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 intends 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 judgment 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 internal controls of the Group or the Company.

- 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 ability of the Group or the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's 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 gives a true and fair view.

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTPORTS HOLDINGS BERHAD

(Company No. 262761-A) (Incorporated in Malaysia)

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

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 is therefore the key audit matters. We describe these matters in our 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Foo Siak Chung
Approval Number: 3184/02/18(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 8 February 2017

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ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised from Corporate Proposal

There was no corporate proposal therefore no proceeds were raised from corporate proposals during the financial year ended 2016.

2. Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

3. Contracts Relating to Loans

There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 December 2016.

ANALYSIS OF SHAREHOLDINGS

Analysis of Shareholdings as at 28 February 2017

Issued and Paid-up Share Capital	:	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	117	2.26	726	negligible
100 – 1,000	1,070	20.70	874,104	0.03
1,001 – 10,000	2,721	52.65	12,835,820	0.38
10,001 – 100,000	841	16.27	30,007,138	0.88
100,001 to less than 5% of issued capital	417	8.07	1,117,958,112	32.78
5% and above of issued shares	2	0.04	2,248,324,100	65.93
Total	5,168	100.00	3,410,000,000	100.00

Substantial Shareholders

	No. of shares		No. of shares	
Name of Substantial Shareholder	Direct	%	Indirect	%
Pembinaan Redzai Sdn Bhd	1,445,361,500	42.39	-	-
South Port Investment Holdings Limited	802,962,600	23.55	-	-
Employees Provident Fund Board	(1)171,023,300	(1)5.02	-	-
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	(2)1,551,000,000	(2)45.48
Ruben Emir Gnanalingam Bin Abdullah	-	-	(3)1,551,000,000	(3)45.48
Pacific Port Investment Holdings Limited	-	-	(4)802,962,600	(4)23.55
Wide Ocean Limited	-	-	(5)802,962,600	(5)23.55
Hutchison Port Holdings Limited	-	-	(6)802,962,600	(6)23.55
CK Hutchison Global Investments Limited	-	-	(6)802,962,600	(6)23.55
CK Hutchison Holdings Limited	-	-	(6)802,962,600	(6)23.55

Notes:

(1) Include shares held through nominee companies

(2) Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 136, 8(4) and 59(11)(c) of the Companies Act, 2016.

(3) Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 136 and 8(4) of the Companies Act, 2016.

(4) Deemed interested in shares held by South Port Investment Holdings Limited in the Company pursuant to Sections 136 and 8(4) of the Companies Act, 2016.

(5) 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 Sections 136 and 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 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 Sections 136 and 8(4) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

Thirty Largest Shareholders

No.	Name	No. of shares	Percentage holding (%)
1	Pembinaan Redzai Sdn Bhd	1,445,361,500	42.39
2	Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for South Port Investment Holdings Limited	802,962,600	23.55
3	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	168,623,300	4.94
4	Kumpulan Wang Persaraan (Diperbadankan)	128,083,400	3.76
5	Semakin Ajaib Sdn Bhd	104,438,500	3.06
6	Amanahraya Trustees Berhad - Amanah Saham Malaysia	34,494,600	1.01
7	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	30,000,000	0.88
8	Cartaban Nominees (Asing) Sdn Bhd - Exempt an for State Street Bank & Trust Company (West CLT OD67)	28,473,600	0.84
9	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	25,334,900	0.74
10	Permodalan Nasional Berhad	24,364,400	0.71
11	HSBC Nominees (Asing) Sdn Bhd - BBH (LUX) SCA for the Genesis Emerging Markets Investment Company	20,385,847	0.60
12	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund 1LN0 for the Genesis Group Trust For Employee Benefit Plans	20,180,671	0.59
13	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	18,976,624	0.56
14	HSBC Nominees (Asing) Sdn Bhd - Exempt an for JPMorgan Chase Bank, National Association (U.S.A.)	18,025,338	0.53
15	AMSEC Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	17,004,500	0.50
16	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	14,936,900	0.44

ANALYSIS OF SHAREHOLDINGS

Thirty Largest Shareholders (Continued)

No.	Name	No. of shares	Percentage holding (%)
17	Amanahraya Trustees Berhad - Amanah Saham Didik	14,911,260	0.44
18	Amanahraya Trustees Berhad - As 1Malaysia	14,516,500	0.43
19	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt an for AIA Bhd.	13,437,500	0.39
20	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	13,162,300	0.39
21	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	11,337,100	0.33
22	HSBC Nominees (Asing) Sdn Bhd - Exempt an for JPMorgan Chase Bank, National Association (JPMELAB AIF APG)	11,077,051	0.32
23	Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund JY63 for Russell Emerging Markets Equity Fund (RIC PLC)	8,781,315	0.26
24	DB (Malaysia) Nominee (Asing) Sdn Bhd - BNYM LUX for Invesco Funds	8,316,500	0.24
25	Amanahraya Trustees Berhad - Public Islamic Equity Fund	7,384,200	0.22
26	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Government of Singapore (C)	7,351,900	0.22
27	Cartaban Nominees (Asing) Sdn Bhd - RBC Inverstor Services Bank S.A for Macquarie Asia New Starsfund (Macquarie FD S)	6,595,700	0.19
28	Amanahraya Trustees Berhad - Public Islamic Sector Select Fund	6,236,000	0.18
29	Amanahraya Trustees Berhad - Amanah Saham Nasional 3 Imbang	6,200,800	0.18
30	Hong Leong Assurance Berhad - As Beneficial Owner (Life PAR)	5,916,800	0.17
		3,036,871,606	89.06

ANALYSIS OF SHAREHOLDINGS

Directors' Shareholdings

	No. of Shares Held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	1,551,000,000[(1)]	45.48
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	200,000	0.01	-	-
Tan Sri Ismail bin Adam	-	-	-	-
Dato' Abdul Rahim bin Abu Bakar	230,000	0.01	-	-
Dato' Yusli bin Mohamed Yusoff	-	-	-	-
Ip Sing Chi	-	-	-	-
Ruben Emir Gnanalingam bin Abdullah	-	-	1,551,000,000[(2)]	45.48
Chan Chu Wei	920,000	0.03	-	-
Jeyakumar Palakrishnar	200,000	0.01	-	-
Kim, Young So	-	-	-	-
Ruth Sin Ling Tsim	-	-	-	-

Note:

(1) *Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 136, 8(4) and 59(11)(c) of the Companies Act, 2016.*

(2) *Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 136 and 8(4) of the Companies Act, 2016.*

LIST OF CONCESSION ASSETS

Location	Description/Current Use	Ages of Buildings (Years)	Berth length (m)/ Built up area ('000m²)	Date of Construction	Tenure (Years)	Net Book Value 2016 RM'000
CT1: Wharf and Yard	Wharf and yard for berthing and storing containers	19	600m & 91.2m²	1997	57	39,773
Building	Container Gate, Marshalling building, Storage Facilities and M&R workshop	20	6.1m²	1996	50	5,212
CT2: Wharf and Yard	Wharf and yard for berthing and storing containers	19 & 16	600m & 150.0m²	1997 & 2000	57 & 53	36,821
Building	Storage Facilities	17	2.7m²	1999	50	2,503
CT3: Wharf and Yard	Wharf and yard for berthing and storing containers	15	600m & 131.4m²	2001	52	92,847
Building	Storage Facilities and M&R workshop	13	38.3m³	2003	50	5,992
CT4: Wharf and Yard	Wharf and yard for berthing and storing containers	11	600m & 137.6m²	2005	48	130,562
Building	Admin building and M&R workshop	9	19.2m²	2007	46	12,434
CT5: Wharf and Yard	Wharf and yard for berthing and storing containers	8	600m & 137.6m²	2008	45	203,877
CT6: Wharf and Yard	Wharf and yard for berthing and storing containers	5 & 4	600m & 180.3m²	2011 & 2012	42 & 43	269,896
CT7: Wharf and Yard	Wharf and yard for berthing and storing containers	3 & 2	600m & 175.8m²	2013 & 2014	41 & 40	313,734
Building	Container Gate, Marshaling Centre, M&R workshop	1	127.1m³	2016	38	82,495
CT8: Wharf	Wharf for berthing	1	300m	2016	38	127,456

NOTICE OF THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of WESTPORTS HOLDINGS BERHAD will be held and convened at Ballroom 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 April 2017 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 2016 together with the Reports of the Directors and Auditors thereon.

Ordinary Resolution 1

2. To approve the aggregate Directors' fees and benefits payable to the Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd of an amount not exceeding RM3.95 million from 1 January 2017 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 2

3. To re-elect the following Directors who are retiring pursuant to Article 106 of the Constitution of the Company and, being eligible, have offered themselves for re-election:-

(i) Tan Sri Datuk Gnanalingam A/L Gunanath Lingam; **Ordinary Resolution 3**

(ii) Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil **Ordinary Resolution 4**

(iii) Tan Sri Ismail bin Adam **Ordinary Resolution 5**

(iv) Mr. Kim, Young So **Ordinary Resolution 6**

Dato' Abdul Rahim bin Abu Bakar, who retires in accordance with Article 106 of the Constitution of the Company, has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the Twenty-Fourth Annual General Meeting.

4. To re-appoint KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 7

NOTICE OF THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING

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 that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) for the time being, subject always to the approval of the relevant regulatory bodies being obtained for such allotment and issue."

   Ordinary Resolution 8

As Other Business

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan

3 April 2017

NOTICE OF THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
3. *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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time for holding the meeting.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 April 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

EXPLANATORY NOTES

(i) Ordinary Resolution 2 - Directors' fees and benefits payable to Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd

The Board of Directors has via the Nomination, Remuneration and Corporate Governance Committee conducted an annual review of the Directors' fees and benefits payable to Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors. The payment of Directors' fees and benefits payable from 1 January 2017 until the next Annual General Meeting of the Company shall be payable monthly in arrears after each month of completed service of Directors during the said period.

(ii) Ordinary Resolution 8 - Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act, 2016

The Company had, during its Twenty-Third AGM held on 26 April 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the the Companies Act, 1965. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 8 proposed under item 5 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 76 of the Companies Act, 2016. The mandate, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company 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, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting 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 purpose of funding investment project(s), working capital and/or acquisition(s). At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY

PROVEN. TRUSTED. FRIENDLY.

WESTPORTS HOLDINGS BERHAD
(Company No. 262761-A)
(Incorporated In Malaysia)

No. of shares held

I/We, ...
of ....
being a member of WESTPORTS HOLDINGS BERHAD, hereby appoint ....
of ....
or failing him/her, ...
of ....
or failing him/her, *the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Ballroom 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 April 2017 at 2.00 p.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

** Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

No.	Resolution	For	Against
Ordinary Resolution 1	Receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors		
Ordinary Resolution 2	Approval of the aggregate Directors' fees and benefits payable to Directors of the Group not exceeding RM3.95 million from 1 January 2017 until the next Annual General Meeting of the Company to be paid monthly in arrears		
Ordinary Resolution 3	Re-election of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam as Director		
Ordinary Resolution 4	Re-election of Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil as Director		
Ordinary Resolution 5	Re-election of Tan Sri Ismail Bin Adam as Director		
Ordinary Resolution 6	Re-election of Mr. Kim, Young So as Director		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 8	Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act, 2016		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this .... day of .... 2017.

The proportions of my/our shareholding to be presented by my/our proxies are as follows:

1st proxy	%
2nd proxy	%
Total	100%

Signature/Common Seal of Member

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
3. *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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time for holding the meeting.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 April 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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STAMP

Westports Holdings Berhad (262761-A)
c/o Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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www.**westportsholdings**.com

Westports Holdings Berhad (262761-A)
P.O. Box 266, Pulau Indah,
42009 Port Klang,
Selangor Darul Ehsan, Malaysia.

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