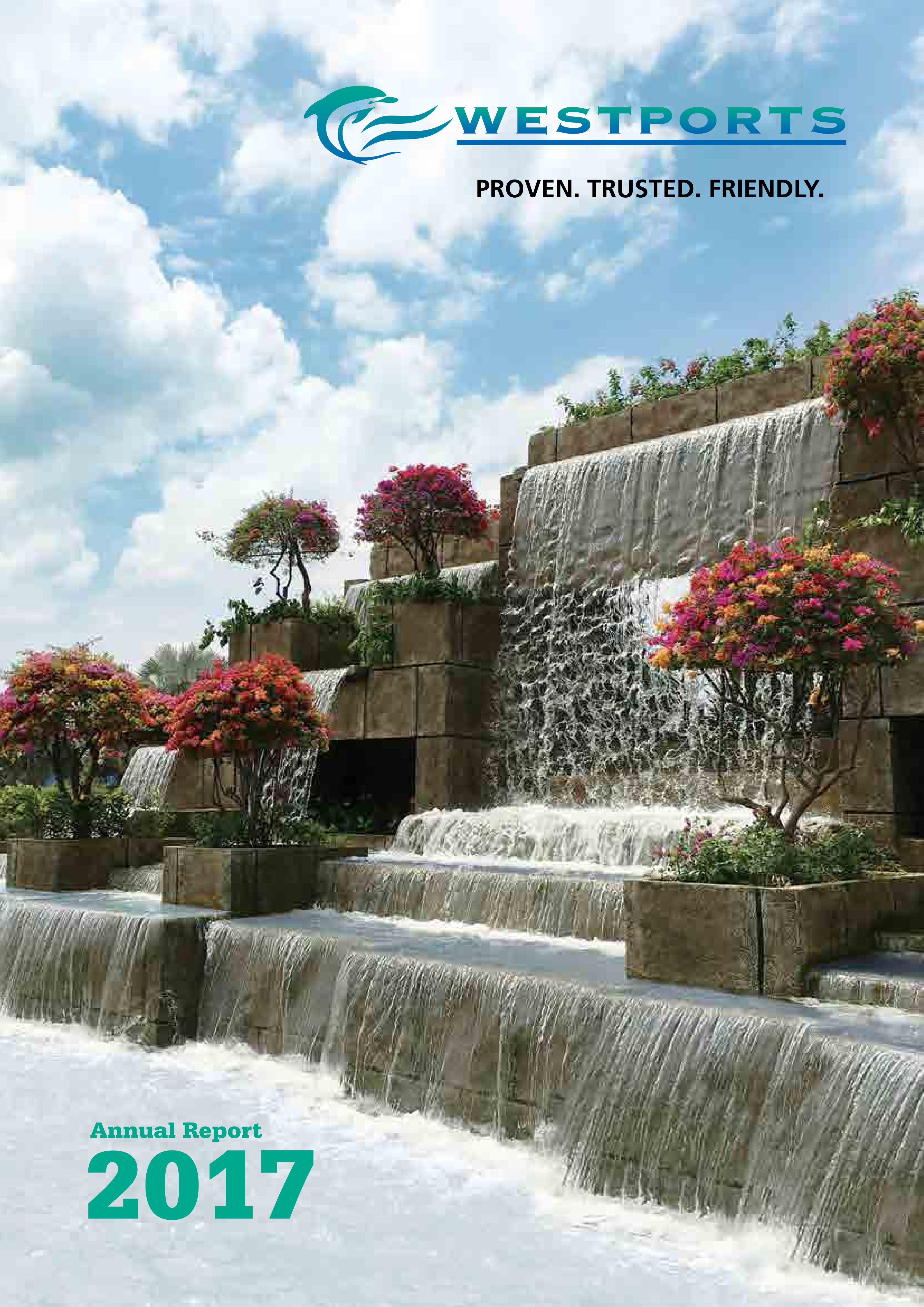

WESTPORTS

PROVEN. TRUSTED. FRIENDLY.

Annual Report 2017

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The softcopy version of Westports Holdings Berhad Annual Report 2017 is available from our website.
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What's Inside

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.

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 cultivate 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 practice 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 the FTSE4Good Bursa Index.

Westports primarily manages port operations dealing with 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 9.0 million TEUs in 2017. Our market share of container business represents 75% in Port Klang, 16% in the Straits of Malacca and 9% in South East Asia as at 2017.

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 30 berths with a length of 8,442 metres, of which 24 berths are connected in a straight line measuring 6,600 metres. Our average container handling capacity stands at 13 million TEUs and our average capacity utilisation ratio is at 69% in 2017. We have completed Container Terminal 8 ("CT 8") expansion plan and Container Terminal 9 Phase 1 ("CT 9 Phase 1").

Our conventional terminal handled 10.9 million tonnes of bulk cargo in 2017. 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 59% market share of conventional cargo handled in Port Klang.

Westports Connectivity

FAR EAST ASIA

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

SOUTH EAST ASIA

1. **BRUNEI** - Muara
2. **INDONESIA** - Belawan / Jakarta / Makasar / Panjang / Perawang / Semarang / Surabaya
3. **MALAYSIA** - Bintulu / Kota Kinabalu / Kuantan / Kuching / Labuan / Pasir Gudang / Penang / Sandakan / Sibu / Tanjung Manis / Tanjung Pelepas / Tawau
4. **MYANMAR** - Yangoon
5. **PHILIPPINES** - Manila
6. **SINGAPORE** - Singapore
7. **THAILAND** - Bangkok / Kantang / Laem Chabang
8. **VIETNAM** - Cai Lan / Cai Mep / Da Nang / Hai Phong / Ho Chi Minh / Vung Tau

AUSTRALASIA

1. **AUSTRALIA** - Adelaide / Brisbane / Esperance / Fremantle / Melbourne / Port Victoria / Sydney
2. **NEW ZEALAND** - Auckland / Lyttelton / Napier / Tauranga / Wellington
3. **PAPUA NEW GUINEA** - Lae / Madang / Port Moresby / Rabaul

INDIAN SUBCONTINENT

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

BLACK SEA

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

MIDDLE EAST

1. **BAHRAIN** - Hidd
2. **IRAN** - Bandar Abbas
3. **IRAQ** - Umm Qasr
4. **JORDAN** - Aqabah
5. **OMAN** - Sohar
6. **QATAR** - Doha
7. **SAUDI ARABIA** - Dammam / Jeddah / Jubail
8. **UNITED ARAB EMIRATES** - Abu Dhabi / Jebel Ali / Khor Fakkan

Connectivity to more than 350 ports worldwide

MEDITERRANEAN

1. **CROATIA** - Rijeka
2. **EGYPT** - Alexandria / Port Said
3. **ITALY** - Genoa / Trieste / Venice
4. **LEBANON** - Beirut
5. **MALTA** - Malta
6. **SLOVENIA** - Koper
7. **TURKEY** - Ambarli / Eryap / Iskanderun / Kumport / Mersin

WEST AFRICA

1. **ANGOLA** - Luanda
2. **BENIN** - Cotonou
3. **GHANA** - Tema
4. **MOROCCO** - Tangier
5. **NIGERIA** - Apapa / Tin Can Island
6. **REPUBLIC OF THE CONGO** - Pointre Noire

EAST AFRICA

1. **DJIBOUTI** - Djibouti
2. **KENYA** - Mombasa
3. **REUNION** - Points des Galets
4. **SOUTH AFRICA** - Cape Town / Durban
5. **SUDAN** - Port Sudan
6. **TANZANIA** - Dar Es Salaam

WEST EUROPE

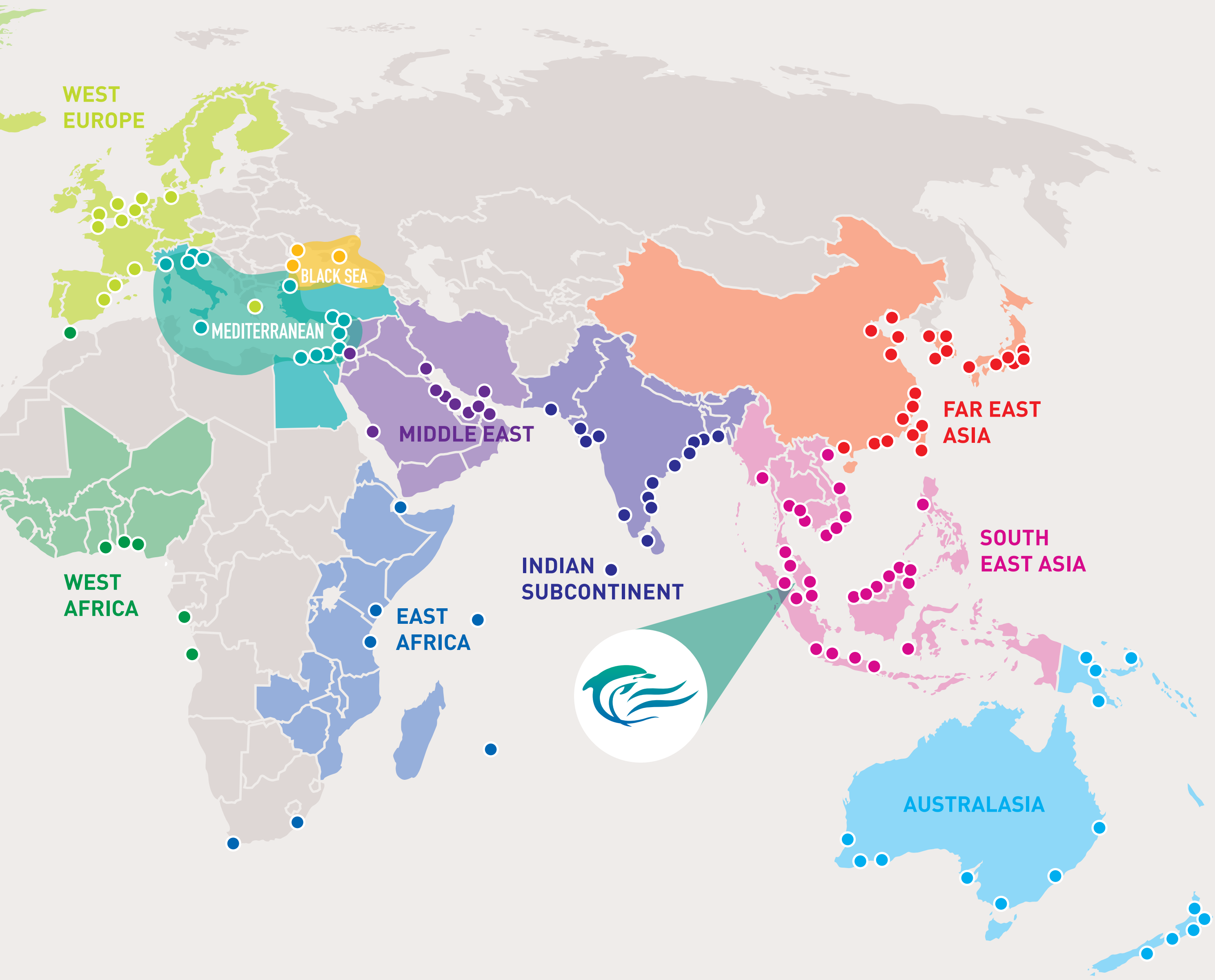
1. **BELGIUM** - Antwerp / Zeebrugge
2. **FRANCE** - Dunkirk / Fos Sur Mer / Le Havre
3. **GERMANY** - Hamburg
4. **GREECE** - Piraeus
5. **NETHERLANDS** - Rotterdam
6. **SPAIN** - Barcelona / Valencia
7. **UNITED KINGDOM** - Felixstowe / Southampton

NORTH AMERICA

1. **CANADA** - Vancouver / Halifax
2. **UNITED STATES** - Charleston / Los Angeles / New York / Norfolk / Oakland / Savannah

SOUTH AMERICA

1. **ARGENTINA** - Buenos Aires
2. **BRAZIL** - Imbituba / Itajai / Itapoa / Paranagua / Santos / Sepetiba
3. **JAMAICA** - Kingston
4. **URUGUAY** - Montevideo



2017 Performance at a Glance

CONTAINER THROUGHPUT
9.0 million TEUs

CONVENTIONAL THROUGHPUT
10.9 million tonnes

OPERATIONAL REVENUE
RM1.716 billion

EBITDA [i]
RM930 million

PROFIT BEFORE TAX
RM677 million

PROFIT AFTER TAX
RM652 million

DIVIDEND PAID
RM446 million

MARKET CAPITALISATION [ii]
RM12.6 billion

RETURN ON EQUITY
28.6%

RETURN ON ASSETS
12.8%

i Earnings Before Interest, Tax, Depreciation and Amortisation
ii Market capitalisation as at 31 December 2017

GATEWAY THROUGHPUT

2.8 million TEUs

CONTAINER VESSEL SIZE

1996	1999	2006	2011	2012	2013	NOW
2,900 TEUs	6,600 TEUs	8,400 TEUs	14,100 TEUs	16,000 TEUs	18,000 TEUs	19,100 TEUs

KEY INDICATORS

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

CRANE PRODUCTIVITY
30-35 mph*

* mph denotes moves per hour

HANDLING CAPACITY
13 million TEUs

CONTAINER BERTHS
5.8 kilometer

DEEPEST DRAFT
17.5 meters

SHIP-TO-SHORE CRANES
67 cranes

NO. OF VESSELS
8,502 vessels

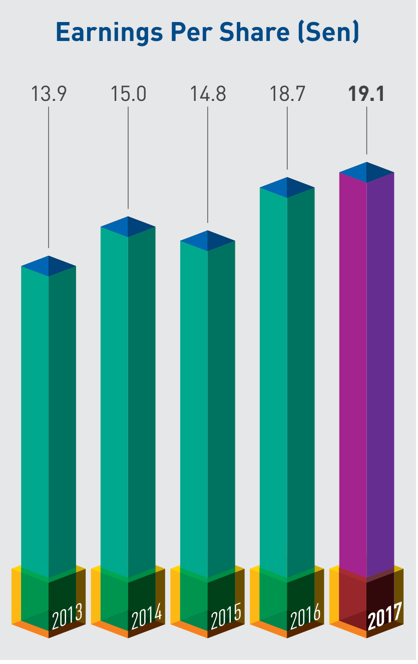
Financial Highlights

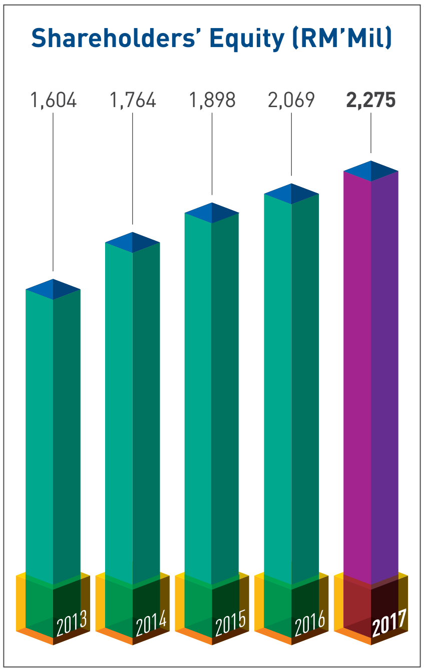
Group Performance

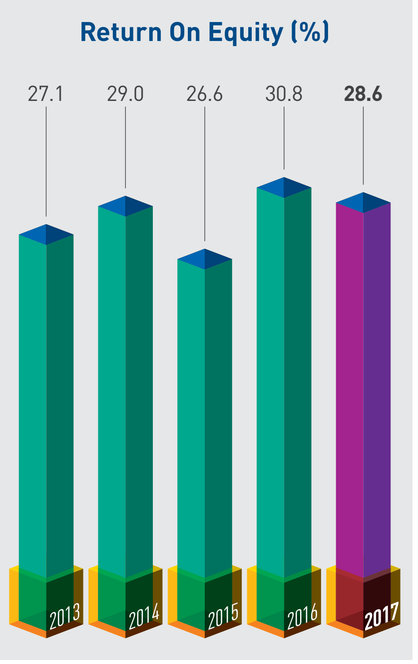
For the Financial Year Ended 31 December

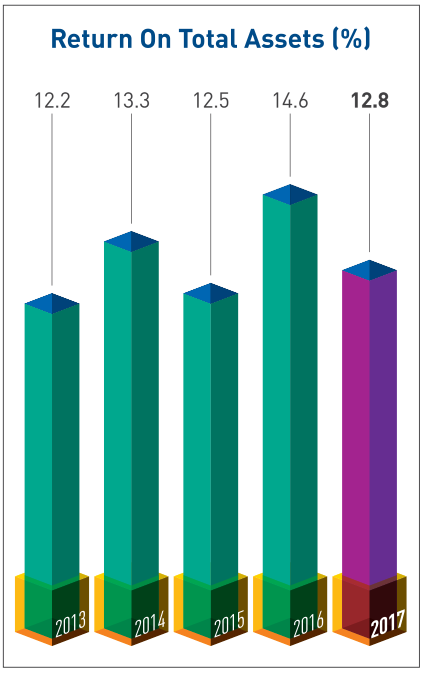
(In RM'000)	2013	2014	2015	2016	2017
Revenue	1,712,618	1,562,079	1,681,783	2,035,015	2,088,608
Profit before tax	517,008	578,781	650,143	754,819	676,882
Profit attributable to owners of the Company	435,305	512,205	504,864	636,981	651,511
Shareholders' equity	1,603,942	1,764,235	1,898,121	2,068,925	2,274,681
Total assets	3,573,984	3,846,122	4,029,555	4,349,077	5,083,979
Earnings per share (sen)	13.9	15.0	14.8	18.7	19.1
Dividend per share (sen)	9.6*	11.3	11.1	14.0	14.3
Dividend payout ratio (%)	75.0%*	75.0%	75.0%	75.0%	75.0%
Return on equity (%)	27.1%	29.0%	26.6%	30.8%	28.6%
Return on total assets (%)	12.2%	13.3%	12.5%	14.6%	12.8%

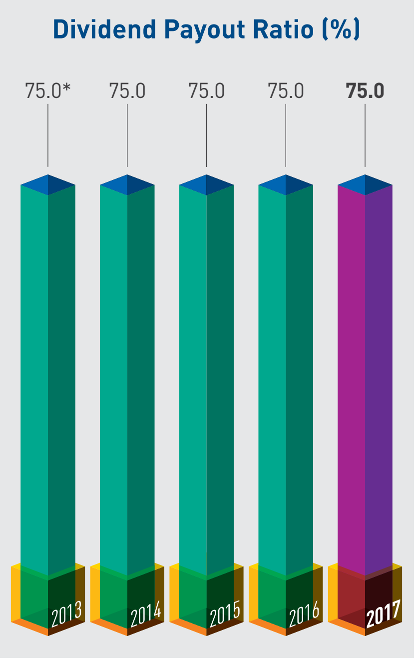
* Excluding special dividend

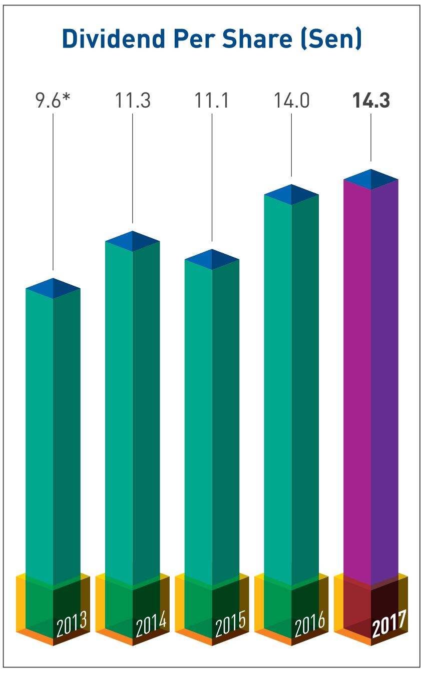

Earnings Per Share (Sen)
13.9
15.0
14.8
18.7
19.1
2013
2014
2015
2016
2017


Shareholders' Equity (RM'Mil)
1,604
1,764
1,898
2,069
2,275
2013
2014
2015
2016
2017


Return On Equity (%)
27.1
29.0
26.6
30.8
28.6
2013
2014
2015
2016
2017

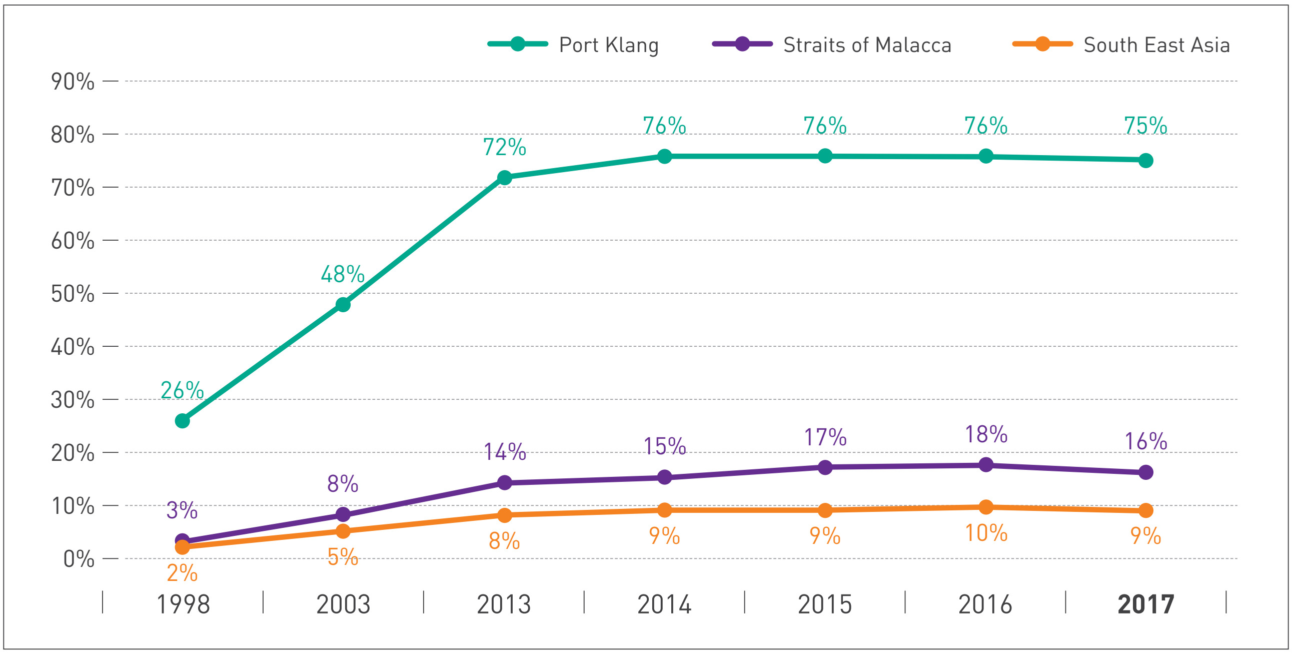

Return On Total Assets (%)
12.2
13.3
12.5
14.6
12.8
2013
2014
2015
2016
2017


Dividend Payout Ratio (%)
75.0*
75.0
75.0
75.0
75.0
2013
2014
2015
2016
2017

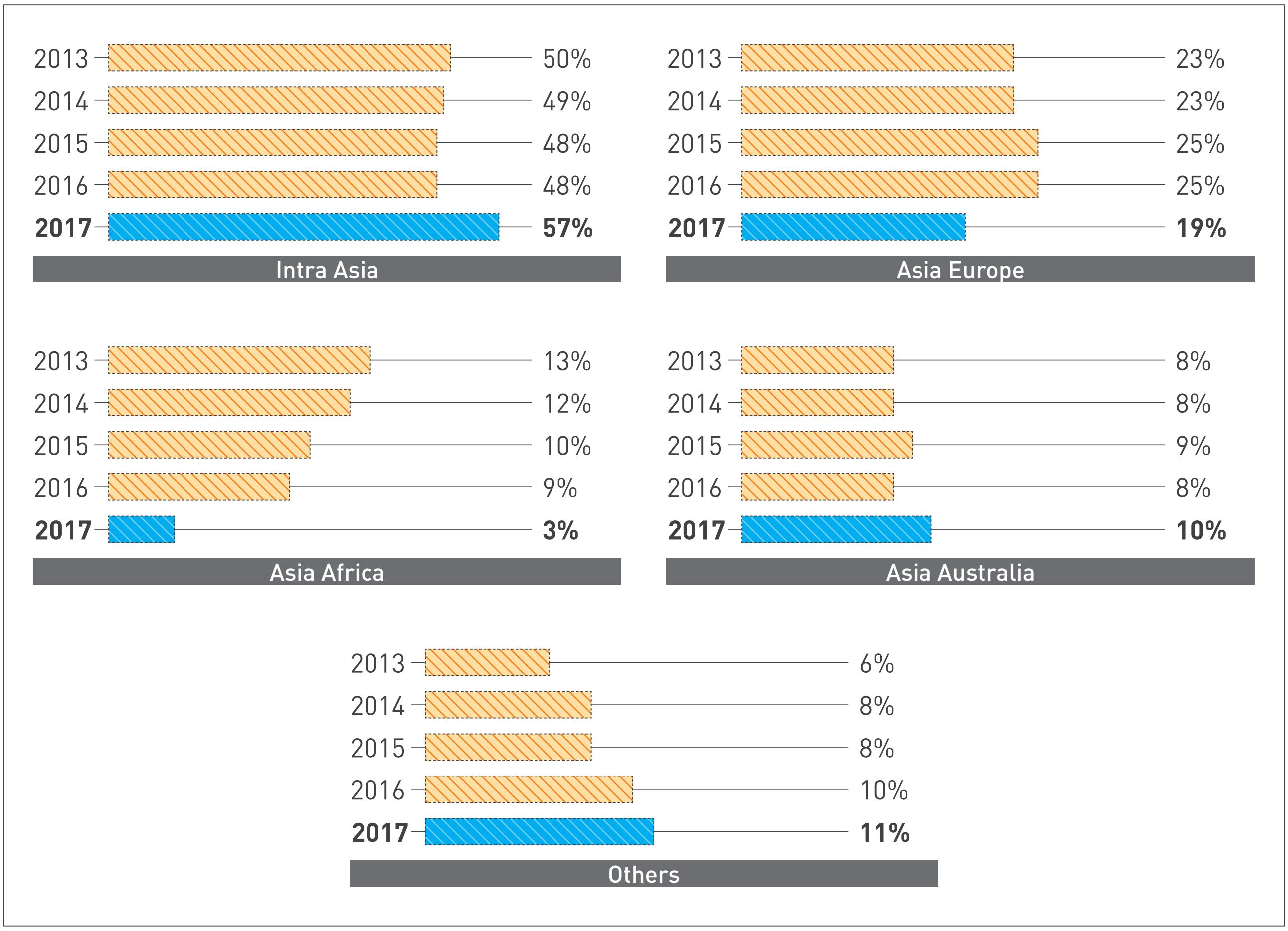

Dividend Per Share (Sen)
9.6*
11.3
11.1
14.0
14.3
2013
2014
2015
2016
2017

Marketing Highlights

CONTINUOUSLY WINNING MARKET SHARE



WESTPORTS CONTAINER VOLUME BY REGION



Statement of Value Added and Distribution

For the Financial Year Ended 31 December

(In RM'000)	2017	2016
VALUE ADDED:		
Revenue	2,088,608	2,035,015
Less: Construction revenue	(372,727)	(230,679)
Operational revenue	1,715,881	1,804,336
Purchase of goods and services	(557,173)	(584,040)
Total value added available for distribution	**1,158,708**	**1,220,296**
DISTRIBUTION:		
To employees		
- salaries and other staff costs	228,215	233,228
To government		
- income tax	25,371	117,838
To provider of capital		
- dividends	445,755	446,028
- finance costs (net)	67,779	64,165
Retained for future reinvestment & growth		
- depreciation and amortisation	185,832	168,084
- retained profits	205,756	190,953
Total distributed	**1,158,708**	**1,220,296**
RECONCILIATION:		
Profit for the year	651,511	636,981
Add: Depreciation & amortisation	185,832	168,084
Finance costs (net)	67,779	64,165
Staff costs	228,215	233,228
Income tax	25,371	117,838
Total value added	**1,158.708**	**1,220,296**

Value added is a measure of wealth created. The above Statement shows the Group's value added for 2016 and 2017 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.


CMA CGM
APL

Perspective

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I present to you the Annual Report of Westports Holdings Berhad ("Westports" or "the Group") for the financial year ended 31 December 2017.

MACROECONOMIC REVIEW

The global economy recorded a growth of approximately 3% in 2017 compared to 2.4% in the preceding year due to improved levels of investment, manufacturing activity and global trade. Advanced economies grew by about 2.3% in 2017 with increased capital spending, inventories management and strengthening of external demand. Emerging and developing economies grew at an even stronger pace of approximately 4.3% with a higher level of activities among the commodity exporters while commodity importers also exhibited sustained healthy growth levels.

China's economy is estimated to have expanded by about 6.8% in 2017 despite domestic rebalancing with a lesser focus on state-led investment as stronger-than-expected exports and positive contribution from net trade supported overall economic growth. Meanwhile, our local Malaysia's economy registered a healthy growth of more than 5%

in 2017 with sustained domestic demand and an improved external sector.

The container shipping industry is expected to achieve a significant turnaround and post a healthy level of profits after recent years of successive losses. Global container throughput has outpaced container shipping capacity and thus, has supported improved container shipping freight rates. 2017 also saw ongoing consolidation among the container liners and the emergence of three major shipping alliances.

REVIEW OF RESULTS

The Group recorded a lower container throughput of 9.0 million Twenty-foot Equivalent Units ("TEUs") in 2017 compared to 9.9 million in 2016 due to the changes in the container shipping industry. The decline was mainly due to lower transhipment volume that declined by 16%, but with Westports strategic location serving the greater Klang Valley and the surrounding hinterland, gateway throughput increased sharply by 10%. Meanwhile, the Conventional segment recorded 10.9 million tonnes of cargo in 2017. For the RORO segment, we recorded a volume of 138,000 of vehicles, just marginally lower than the previous year as the local assembly of vehicles contributed to lesser imports of Completely Built Units ("CBU").

Westports' operational revenue moderated by 5% to RM1.716 billion. Our profit before tax decreased to RM677 million due to lower container throughput, higher cost of fuel arising from higher fuel price in the market and a one-off gain from the disposal of the investment in quoted shares recorded in 2016. However, profit after tax increased by 2% to RM652 million due to investment tax allowance received for qualified capital expenditure. Detailed commentary on the Group's financial and operational performance is at the Group Managing Director's ("GMD") Statement and Management Discussion and Analysis section of this Annual Report, which can be found on pages 18 to 38.

INVESTMENT FOR FURTHER GROWTH

Westports has received Approval-In-Principal ("AIP") from the Malaysian Government to expand our container terminal facilities from CT10 to CT19, which is to be located next to our current CT9 terminal. We will appoint external consultants to carry out detailed studies to support our comprehensive internal planning processes. The findings would also facilitate the requirements leading up to negotiations on a Concession Agreement for CT10 to CT19.

With the proposed expansion plan, Westports' total terminal handling capacity will potentially increase to 30 million TEUs. As shipping alliances get bigger, we need to grow in tandem with them so that we can meet their requirements and serve them better. Westports enhanced capacity will thus continue to strengthen Port Klang as a pre-eminent port for the nation's gateway trade and continue to be one of the key transhipment hubs in the ASEAN region.

DIVIDENDS

For our shareholders, two interim dividends amounting to a total of RM488 million were paid as interim dividends for the financial year ended 31 December 2017. The dividend payments were made in accordance with our dividend payout practice of 75% on Profit After Tax.

AWARDS & RECOGNITION

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

I am most humbled and honoured with The Value Creator: Malaysia's Outstanding CEO award conferred onto me by the Edge Billion Ringgit Club ("BRC") in recognition of the Company's growth as reflected in the Company's market valuation, return to shareholders, profit growth and employment creation. Westports itself also received a silver award for the Highest Return to Shareholders over the past three years from the BRC under the Big Market Capitalisation for companies running in the RM10 billion to RM40 billion category. The awards were presented at the BRC gala dinner held in August 2017.

Chairman's Statement

More details of Company's accolades for 2017 can be found on page 62 to 63 of this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to welcome two new Independent Directors on the Board. Ms. Shanthi Kandiah was appointed as an Independent Non-Executive Director on 1 August 2017, providing the Board with enhanced legal and compliance overview in carrying out Board supervisory duties. We also welcome Captain Chan Soo Chee, who joined the Board on 1 January 2018 and brings with him a wealth of experience in the maritime and logistics industry. By the same token, I wish to record the Board's thanks and appreciation to Mr. Jeyakumar Palakrishnan, who had served on the Board and the Board Committees until the end of the year.

I would like to record my utmost gratitude to all Westportians for your unwavering dedication and invaluable effort for making Westports great. I express my sincere thanks to our customers, business partners, government agencies, shareholders and other stakeholders 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 throughout the year.

Tan Sri Datuk G. Gnanalingam
Executive Chairman

GMD's Statement and Management Discussion and Analysis

DEAR SHAREHOLDERS,

On behalf of the Management team and Westports employees, it gives me great pleasure as the Group Managing Director to report on the performance of Wesports Group for the financial year ended 2017.

OUR PERFORMANCE

Westports continues to be one of the ports of choice to meet the regional transhipment requirements of the new container shipping alliances despite significant changes in the container shipping industry over the last year. In addition to servicing vessels calling us under the alliances, Westports also cater to individual alliance members as well as independent liners that berth at our container terminal to carry gateway cargoes and to conduct transhipment moves.

The continuous calls by all categories of liners reflect our capabilities of providing exemplary services at cost-competitive rates for the turnaround of any vessels. Westports' crane and vessel productivity facilitate expedient vessel turnaround time, thus supporting shipping clients' aim of curtailing excessive operating costs. Westports also provide value-added logistics services in or near its port so that our clients can seamlessly integrate their requirements into Westports' core port operations.

We have consistently achieved our crane productivity target of 30-35 moves per hour ("mph") per crane, thus placing Westports as one of the leading container ports when ranked by container operations productivity. In 2017, 6,881 of container vessels called at Westports.

Westports handled 1,560 TEUs per metre of container berth, which currently is at 5.8 kilometre in length and 135,000 TEUs per Ship-to-Shore ("STS") crane. Our overall average capacity utilisation is about 69% in 2017.

In the following sections, we have provided further details of our operational achievements and results.

BUSINESS OPERATIONAL REVIEW

CONTAINER SERVICES

- **New Alliances and Consolidation**

  The defining development for the container shipping industry in 2017 was the commencement of global operations by the Ocean Alliance and THE Alliance on 1st April. The two new mega alliances consisted of liners that were members of the previous O3, G6 and CKYHE alliances and as they re-constituted their service offerings, they also optimised their network and port of calls. These changes influenced the total number of containers being handled by a particular terminal. The Ocean Alliance has adopted the dual hubbing approach for South East Asia, and Westports is one of its transshipment hubs.

  The wave of consolidation that swept the container shipping in 2016 continued in 2017. Hapag-Lloyd, the 5th largest container shipping line completed its acquisition and merger with United Arab Shipping Co. in May 2017. In the meantime, Ocean Network Express, or known as ONE, was established on 7th July 2017 as a standalone entity that will operate separately from the three Japanese liner brands of Nippon Yusen Kabushiki ("NYK") Line, Kawasaki Kisen ("K") Line and Mitsui OSK Line ("MOL"). The latter three Japanese brands will continue to trade until the end of March 2018 when they will switch to the new company, ONE. At the other end of the spectrum, Maersk Line, the world's biggest container shipping line, has received all the approvals and has completed the acquisition of Hamburg Süd at the end of 2017. The acquisition boosted Maersk Line's global market share to about 19%. Niche liners are attractive to major container liners as well as CMA CGM acquired SOFRANA Unilines, the latter focused on the South Pacific Islands and Papua New Guinea trades, and Mercosul Line, that operates in Brazil. The latest major proposal is the US$6.3 billion proposed takeover of Orient Overseas (International) Ltd by Cosco Shipping Holdings.

  As a result of the latest wave of consolidations, the top ten liners have increased their aggregate command of the global capacity to approximately 84%. Despite increased concentration, if freight rates are an indication, competition has remained as intense as ever.

- **Container Shipping Industry**

  The container shipping industry enjoyed its first year of profitability in 2017 after recent years of successive losses. Overall global container throughput growth, expected to be at 6%, has exceeded initial conservative estimates and more significantly, has outpaced the container capacity increases of around 4%. The absorption of container capacity in 2017, after recent years of continuous excessive supply, in tandem with an active level of old vessels scrapping, has supported the overall recovery in container freight rates.

  Furthermore, orders placed for building new vessels have also been significantly lower than in recent years. The current favourable factors supporting the recovery could face more challenging headwinds in the coming years if more major liners began to place orders for ultra-large container vessels that have carrying capacity of more than 20,000 TEUs per vessel. As for 2017, the industry has also responded by imposing selective blank sailings to ensure a better match with the industry's aggregate demand. This self-imposed restraint has contributed to improved equilibrium that, if sustained, would ultimately create the foundation for more sustainable growth and profitability within the global container shipping lines.

GMD's Statement and Management Discussion and Analysis

- **Container Volume**

Westports handled a total throughput of 9.0 million TEUs in 2017. Gateway containers grew strongly by 10% to 2.8 million TEUs as our container terminal supported and reflected the favourable level of growth in domestic economic activities. However, transshipment containers were lower by 16% at 6.2 million TEUs – it was affected by changes within the container shipping industry, especially with the formation of new global alliances and their re-constituted service offerings, as well as mergers and acquisitions which involved some of our most prominent clients.

The volume mix has improved as Westports handled proportionately more gateway containers. Looking at the total container volume by trade lane, 57% 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 2017, the Intra-Asia container volume grew by 8% to 5.2 million TEUs as the Asia-Pacific region experienced encouraging level of economic activities.

The Asia-Europe trade lane constituted 19% of Westports total container volume while other notable trade lanes such as Asia-Australia and Asia-Africa made up 10% and 3% of Westports total volume respectively.

- **Container 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-Europe and Asia Australia trade routes. Ultra Large Container Vessel ('ULCV") vessels such as CSCL Indian Ocean and CMA CGM Zheng He with a capacity of 19,100 TEUs that continue to call at Westports in 2017 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 210 mph, with most of the large vessels scoring above 200mph. This has placed Westports on the world map as one of the leading container ports for container operations productivity. In 2017, 6,881 container vessels called at Westports compared to 7,707 container vessels in 2016.

Container Throughput	2017	2016	%
Thousands TEUs			
Transhipment	6,220	7,390	-16%
Gateway	2,805	2,556	+10%
Total TEUs	9,025	9,945	-9%
TEUs over berth – '000'	1.56	2.02	-23%
TEUs over STS – '000'	135	180	-25%
Capacity utilisation	69%	83%	-17%

In 2017, we handled 1,560 TEUs per metre container berth spanning 5.8 kilometres, and 136,000 TEUs per Ship-to-Shore ("STS") crane with 67 units. Our average capacity utilization stands at 69% in 2017. The lower utilisation due to reason stated in the earlier caption.

We continue to purchase equipment per our capital expenditure plan in 2017 despite the slowdown in container throughput. Our key equipment are as stated below:

Key Equipment	2017	2016
Number		
Ship-to-Shore Crane	67	55
Normal RTG	115	115
Variable Speed RTG	58	36
Hybrid RTG	12	12
Terminal Tractors	573	513
Stacker	27	26

In an effort to reduce the carbon footprint, we continuously purchased energy efficient Variable Speed Rubber Tyred Gantry ("VS RTG") cranes. In this regard, we acquired 22 units of VS RTG cranes during the year. As at 2017, we have 58 units of VS RTG cranes and 12 units of Hybrid RTG ("HRTG") cranes.

Diesel Consumption	2017	2016	%
Million Litres			
Fuel	42.3	45.4	-7%
Litres/TEUs	4.7	4.6	+2%

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

We will work towards making further progress on operational excellence.

- **Container Gates Operation**

Container gates are the entry and exit point to Westports port area for gateway containers. As the port is in the free commercial zone, each container movement for export and import from the container gates requires approval from Royal Malaysian Customs Department ("RMCD") which operated by their own IT infrastructure system.

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In 2017, the Gate operations unit handled 1.14 million TEUs, an improvement of 8% compared to 2016. To serve the container gate operations better, all outbound movements were shifted to our newly opened Second Gate with fourteen lanes, thus further improving traffic flow with the creation of a seamless transaction for both exports and imports. A total of 10 self-serving kiosks were installed at the Second Gate, integrating the pre-arrival booking system to help expedite traffic movements and ensuring safety and security at the highest level. With the First Gate being dedicated for inbound movement, we have a total of 11 lanes with 9 self-serving kiosks. This new development enabled the haulage drivers to have a turnaround time of within 35 minutes. With this implementation and time saving contribution, the positive result leads to higher productivity at the Container gates, which in turn translates to higher customer satisfaction and faster clearance in line with making Westports as the preferred Gateway port of choice in Malaysia.

We have also developed our system to meet the stringent international standards of International Maritime Organisation called Safety of Life at Sea ("SOLAS") convention for safety of container transport by implementing Verified Gross Mass ("VGM") throughout our incoming gate for all export containers.

This development included an integrated weighbridge and smart internal systems to manage a seamless process of weighing containers and trucks upon arrival at our Gate and a user friendly interface from declaration to the issuance of SOLAS VGM certification for all export containers.

By ensuring 100% VGM were applied to all our export containers handled, we are fully compliant to industry and international standards pertaining to the safety of transportation by sea.

In 2017, we have certified 81% of the total 427,231 laden containers that pass through our gates, proving to the shipping industry and port community that SOLAS implementation was successful and without any delays nor disruption to our Gate operations.

- **Expansion Plan**

In 2017, we have completed the second phase of CT 8 and first phase of CT 9. For CT 8, the construction of a second 300-metre wharf and CT 8 container stacking yard were completed and commissioned for operations. Meanwhile, for terminal operating equipment, we have commissioned 12 units of STS Cranes, 22 units of VS RTG Cranes, a reach stacker and 60 units of terminal tractors.

For the first phase of CT 9, we commenced the construction of a 600-metre wharf and a 30 acres of container stacking yard. These terminal infrastructures were completed and commissioned for operation by December 2017. Our terminal handling capacity has also increased to 14 million TEUs. Overall, a total capital expenditure of RM774 million was incurred in 2017 on expansion.

On 25 August 2017, WMSB received an Approval-in-Principle ("AIP") from the Government of Malaysia ("GOM"), to expand its container terminal facilities from CT10 to CT19 ("Proposed Expansion"). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB. With the AIP, WMSB will undertake the various studies required before finalising the terms and conditions with the GOM. As at date of this report, the necessary preliminary actions have been carried out towards the Proposed Expansion. Upon implementation of the Proposed Expansion the terminal handling capacity is expected to increase to 30 million TEUs.

CONVENTIONAL SERVICES

Conventional services comprise dry bulk, break bulk, liquid bulk, cement cargo and RORO. In 2017, the volume of cargo handled totalled 10.9 million metric tonnes against 11.8 million metric tonnes in 2016, representing a decline of 8%.

The break bulk segment primarily consists of mixed steel coils and project or general cargo and it represented 16% of Westports' 2017 conventional volume. The decline of 6% is due to the fact that this sector had a healthy growth in 2016 in anticipation of the imposition of safeguard duties for certain types of steel cargoes. The safeguard duties for steel bars (rebar) and steel wire rods came into effect in Q3 2016. This had dampened their importations at Port Klang.

Conventional	2017	2016	%
Million Tonnes			
Dry Bulk	4.8	4.3	+12%
Liquid Bulk	4.1	4.9	-16%
Break Bulk	1.7	1.8	-6%
Cement	0.3	0.8	-63%
Total - Cargo	10.9	11.8	-8%
RORO - thousand units	138.0	141.0	-2%

Dry bulk segment is divided into two categories. In 2017, growth for the agricultural segment such as feed cargoes, unrefined sugar, grains and wheat was flat.

The second dry bulk segment comprises of fertilizers and building-related cargo types used by the construction industry recorded an increase in throughput of 31%. In total, the dry bulk volume contributed 44% to the total conventional business. Lower performance from our 2 cement operators due to weak property market and slowdown in infrastructure projects resulted in decline of 63%.

The decline in liquid bulk was due to lesser importation of crude palm oil and marine fuel oil. Reduced imports in marine fuel oil were a result from the realignment of the shipping lines alliances. The shift of services from Port Klang to Singapore had a net effect of bunkers being imported and sold here.

RORO vehicles handled decreased to 138,000 units in 2017 against 141,000 units in 2016, due to weaker domestic demands. Additionally, manufacturers are progressively focusing on Completely Knock Down ("CKD") productions within Malaysia to be eligible for energy efficient vehicle ("EEV") incentives and reduced duties. Westports is also Port Klang's primary gateway for the import and export of vehicles as Westports handled 77% of Port Klang's total volume.

This year, our conventional operations handled cargo from 1,621 vessel.

In 2017 several improvement projects were carried out to ensure faster vessel turn around and reducing vessel waiting time. The improvement projects engaged in are as below:

1. **Liquid Bulk -** Previously Dangerous Cargo ("DG") was discharged separately due to the nature of cargo and the risk. In 2017 we embark on project to have simultaneous discharge or two type of DG cargo. Measures have been taken to reduce the risk of the cargo being discharged, hence the Port Klang Authority has given the approval to discharge two types of DG cargo simultaneously.

2. **Dry Bulk –** Due to the increase in Dry Bulk cargo, we tested the usage of Container Quay Cranes to unload Dry Bulk cargo. The objective of this project is to have a degree of flexibility in our operations. Currently Dry Bulk cargo can only be discharged at wharves 01 until 03. If this project is successful, then we can also discharge dry bulk cargo at wharves 05 & 06. This will reduce vessel waiting time during congestion. The project was completed in October 2017.

3. **Dry Bulk –** In 2016, we engaged in an improvement project whereby our Grabs were upgraded to ensure that they can discharge more cargo at any one time. We converted the Grab Number G07 so that the grab can carry 15 tons of cargo instead of 11 tons previously. This resulted in an increase in productivity of vessels discharging sugar. In 2017, we extended the project and have upgraded Grab number G08 which is used to discharge wheat. Hence, we saw an increase in the productivity of discharging wheat by 10%.

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RENTAL SERVICES

In 2017 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.

HUMAN RESOURCES

Westportians are our greatest assets and driving force behind our Group. We have a total headcount of 4,456 employees as at 31 December 2017, comprising of 4,062 operational staff and 394 management staff.

IT INITIATIVES

In 2017, we have undertaken a number of initiatives in an effort to streamline our processes and enhance efficiencies within its business operations.

- **uCustoms**

  uCustoms is an initiative by the Royal Customs of Malaysia to establish integrated, end-to-end, Customs modernization solution that delivers 'Single Window' for goods clearance. Westports was selected to be part of the uCustoms pilot run in September 2017 and the integration would take place in phases with full completion in Q4 2017. With the implementation of uCustoms, Westports stand to benefit from a national single window of customs clearance, automation of manual processes and ease of information and data sharing, amongst others.

- **PKNet**

  The implementation of the Port Klang Net ("PKNet") initiative by the Port Klang Authority (PKA) aims at establishing a port and trade focused community system connecting key industry players under a common platform, focusing on increased efficiency and cost reduction within Port Klang. As one of the key players within the PKNet system, this would enable Westports to better serve its customers and business partners.

- **Opening of the 2nd Gate**

  In June 2017, Westports opened a 2nd Gate to accommodate the gate out process of import and empty containers. Designed to reduce manpower and increase productivity, a new kiosk system was introduced to facilitate the gate entry processes, managing more than 2 lanes simultaneously.

  In the initiative to increase productivity, the Royal Customs of Malaysia has also installed 3 scanners at the 2nd Gate, thereby reducing manual manpower requirements and enabling a more comprehensive container checking during the gate out process.

- **Terminal Operating System ("TOS")**

  The OPUS TOS was implemented progressively in 2017 to replace the former COSMOS TOS. Being one of the most advanced terminal operating solution developed with state-of-the-art technology, the OPUS TOS is currently being in use by more than 20 major terminals around the world. With a guarantee of high flexibility and scalability, the OPUS TOS allows Westports to focus our efforts on increasing efficiency in planning and operations.

  The major benefits of implementing OPUS TOS are as follows:

  - Optimised yard operation - Maximises terminal productivity with optimised real-time planning, job scheduling, dispatching and resource pooling functions. Supports the controlling of terminal equipment.
  - Equipment pooling - Increases equipment availability by decreasing TT idle time and unnecessary travel by suggesting the optimal travel path. Supports pooling per STS crane, vessel and berth which boosts productivity.
  - Value-added management - Offers comprehensive systems for integrated terminal operation.

GMD's Statement and Management Discussion and Analysis

FINANCIAL REVIEW

REVENUE

Revenue (RM Million)	2017	2016	% of Change
Container	1,451	1,536	-6%
Conventional	145	147	-1%
Marine	78	84	-7%
Rental	42	37	+14%
Operational Revenue	**1,716**	**1,804**	**-5%**
Construction Revenue	373	231	+61%
Gross Revenue	**2,089**	**2,035**	**+3%**

The Group recorded gross revenue of RM2.089 billion in 2017, which is an improvement of 3% compared to 2016. Construction revenue recorded substantial growth of 61% mainly due to construction of CT8 and CT9 infrastructure facilities. In accordance to IC interpretation 12 construction revenue is deemed to be equal to the fair value of infrastructure construction cost. Hence it is more appropriate to exclude construction revenue and construction cost for the purpose of evaluating our performance.

Operational revenue declined 5% to 1.716 billion, and the decline was mainly attributable to the following factors:

- Container Revenue declined by 6% as a result of decline in transshipment throughput by 16%, partially offset by strong growth in gateway volume of 10% and higher contribution from value added services. The decline in transshipment throughput was due to the restructuring of alliances and the unprecedented mergers and acquisitions in the container shipping industry.

- Conventional revenue registered a slight decline of 1% compared to 2016 despite higher throughput decline of 8% to 10.9 million tonnes. Majority of the revenue decline was from break bulk and liquid bulk bunker cargo, mitigated partially by strong growth at dry bulk terminal 2 cargo. Lower break bulk revenue was due to higher import duty imposed by the government to curb cheap import steel products and lower number of ship calls resulted in lower liquid bunker volume.

- The number of ship calls declined by 12% compared with 2016 and in tandem with the decline in ship calls and changes in size mix of vessels, marine revenue declined by 7%.

- The rental revenue recorded an increase of 14% to RM42 million in 2017 mainly due to the increase in multi-tier rental rates charged to certain categories of landed clients. However, the increase was partially offset by lower contribution from offices space and storage facilities as there was a reduction in the total storage space required by customers.

COST OF SALES

Cost Of Sales (RM Million)	2017	2016	% of Change
Container	282	331	-15%
Conventional	22	22	-
Marine	33	36	-8%
Fuel	81	64	+27%
Manpower Cost	179	182	-2%
Electricity	32	33	-3%
Depreciation & Amortisation	161	145	+11%
Operational Cost Of Sales	**790**	**813**	**-3%**
Construction	373	231	+61%
Gross Cost of Sales	**1,163**	**1,044**	**+11%**

Operational cost of sales for 2017 declined by 3% to RM790 million compared to 2016. Majority of the components in operational cost of sales registered a decline except fuel and depreciation & amortisation expenses. Highlights on components of cost of sales are as follows:

- Container cost decreased by 15% compared to 2016 mainly due to lower marketing expenses arising from lower volume rebate, changes in customer mix and lower equipment maintenance cost due to lower container volume. Terminal operating equipment maintenance cost reduced by 4% due to cost control and reduction initiatives.

- Marine cost is lower by 8% compared to 2016 mainly due to lower dredging amortisation, lower pilot board charter rate and reduction in hiring of tug boat by 2 to 7 units effective Jun 2017 as part of the efficiency initiatives.

- Fuel cost increased by 27% despite the decline of 3% in consumption. Higher fuel cost was due to higher average benchmark fuel rate and weaker ringgit and this has resulted in the average cost per liter to increase by 30%.

- Lower manpower of 2% was mainly due to freeze in recruitment effective from Jun 2017, lower overtime and incentive arising from lower container volume.

- Electricity cost was lower by 3% mainly due to lower movements of quay crane resulted from the decline in container throughput.

- Depreciation and amortisation increased by 11% due to higher capitalisation of infrastructure and terminal operating equipment in 2017 compared to 2016.

PROFIT

Results (RM Million)	2017	2016	% of Change
Operational Revenue	1,716	1,804	-5%
Operational Cost Of Sales	-790	-813	-3%
Gross Profit	**926**	**991**	**-7%**
Other Income	27	33	-18%
Admininstrative Expenses	-27	-36	-25%
Other Expenses	-181	-169	+7%
Operating Profit	**745**	**819**	**-9%**
EBITDA	**930**	**987**	**-6%**
Gross Profit Margin	54%	55%	
Operating Profit margin	43%	45%	
EBITDA Margin	54%	55%	

Gross Profit

Gross profit declined by 7% to RM926 million in 2017 mainly due to decline in transshipment volume, higher fuel cost and higher depreciation and amortisation, partially compensated by decline in certain cost of sales in tandem with lower throughput. Gross profit margin eased slightly by 1% to 54% in 2017.

Other Income, Administrative And Other Expenses

- Other income consists of income from guaranteed throughput shortfall from conventional customers and non-recurring income. For 2017 non-recurring income amounted to RM17.9 million consisting of claims received from third party for impairment of assets and collection received for impaired receivables. Non recurring income for 2016 was for gain on disposal of share investment amounting to RM20.4 million. Excluding non-recurring income, other income declined by 28%.

- Administrative expenses were lower by 25% mainly due to impairment of receivables in 2016. Excluding impairment of receivables it was lower by 7%.

- Excluding non-recurring expense, other expenses were flat compared to 2016. In line with the decline in volume, majority of the components of the other expenses were lower compared to 2016 except information technology ("IT') expenses. Higher IT expenses was due to implementation of new Terminal Operating System resulted in additional maintenance and network cost. Non recurring expenses in 2016 amounting to RM12.6 million was for impairment on assets and for 2017 non-recurring expenses amounting to RM24.2 million was for provision for additional assessment imposed by Royal Malaysian Customs Department.

Operating Profit and EBITDA

Operating profit declined by 9% compared to 2016 mainly due to the decline in gross profit. Operating profit margin was lower by 2% compared to 2016.

Earnings before interest, tax, depreciation and amortization ("EBITDA") declined by 6% to RM930 million in 2017 due lower gross profit and higher depreciation & amortization. EBITDA Margin eased marginally by 1% to 54%.

Results (RM Million)	2017	2016	% of Change
Operating Profit	745	819	-9%
Finance Income	12	13	-8%
Finance Expenses	-80	-77	+4%
Profit Before Tax	**677**	**755**	**-10%**
Taxation	-25	-118	-79%
Profit After Tax	**652**	**637**	**+2%**
PBT Margin	39%	42%	
PAT Margin	38%	35%	
Effective Tax Rate	4%	16%	

Profit Before Tax ("PBT") & Profit After Tax ("PAT")

PBT was RM677 million in 2017, down by 10% compared to 2016. Lower performance was mainly attributed to the drop in transhipment volume of 16% and higher fuel cost of 27%. Despite the drop in PBT, PAT improved by 2% due to claim for investment tax allowance and the effective tax rate dropped from 16% in 2016 to 4% in 2017.

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CASH FLOW

Cash flows (RM Million)	2017	2016	% of Change
Operating profit before working capital changes	926	988	-6%
Net Cash from operating activities	1,085	882	+23%
Net Cash from investing activities	-799	-361	+121%
Net Cash from financial activities	-150	-498	-70%
Net Increase in cash and cash equivalents	**136**	**23**	**+491%**
Opening cash and cash equivalents (less pledged deposits)	388	365	+6%
Closing cash and cash equivalents (less pledged deposits)	**524**	**388**	**+35%**

Closing cash and cash equivalents less pledged deposits increased by 35% to RM524 million in 2017. Net cash generated from operating activities has increased by 23%, mainly due to higher trade payables, lower trade receivable and lower tax paid.

In 2017, investing activities increased by 121% due to increase in capital expenditure partially offset by proceeds received from disposal of investment in quoted shares and proceeds received from Government of Malaysia in 2016.

Net cash used in financing activities declined by 70% due to drawdown of RM350 million sukuk loans to finance capital expenditure.

TOTAL ASSETS

Total Assets (RM Million)	2017	2016
Property, plant and equipment	1,829	1,515
Concession assets	2,374	2,074
Trade Debtors & Other receivables & Inventories	321	339
Cash & Cash Equivalent	560	421
Total Assets	**5,084**	**4,349**

The Group's total assets increased by 17% to RM5.084 billion as at 31 December 2017, was attributed by the increase in property, plant and equipment, concession assets and cash and cash equivalents.

TOTAL EQUITY AND LIABILITIES

Total Equity and Liabilities (RM Million)	2017	2016
Share Capital	1,038	341
Reserves	1,237	1,728
Total Equity	**2,275**	**2,069**
Borrowings	1,500	1,150
Service Concession Obligation	337	369
Deferred Taxation & Tax Payables	301	317
Trade and Other Payables & Provision	671	444
Total Liabilities	**2,809**	**2,280**
Total Equity & Liabilities	**5,084**	**4,349**

Shareholders' equity increased by RM206 million in 2017 and Return on Equity declined from 31% in 2016 to 29% in 2017.

Total liabilities increased by RM529 million to RM2.809 billion in 2017 due to additional drawdown of Sukuk loans and increase in other payables for capital expenditure payables. The debt-to-equity ratio for 2017 is at 0.41 times compared to 0.35 times in the preceding year.

WESTPORTS' STRENGTHS

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

Strategic location with strong connectivity with the global ports

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 80,000 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. As such, we are well connected with more than 350 ports around the world, providing customers with an efficient global and regional connectivity along major trade routes. Approximately 74 main line services call at our port, which is complemented by approximately 70 feeder services.

  In Port Klang, our market share represents 75% in 2017. Westports handles 6.2 million of TEUs, accounting for 81% of transshipment volume in Port Klang recorded in 2017.

- **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. 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.

  In 2017, Westports handled 2.8 million TEUs container gateway cargo which represents a market share of 64% of Port Klang gateway TEUs and the largest gateway container TEUs handled in Malaysia.

  Westports handled conventional cargo of 10.9 million metric tonnes of bulk cargo which represents market share of 59% in Port Klang.

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.

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Westports is located at the southern approach of Port Klang, which has a deeper channel of at least 17 metres compared to northern approach and provides vessels with a 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.

Our deepest berths are located in Container Terminals ("CT") 6, CT7, CT8 and CT9. At 17.5 metres deep, they are capable of handling the largest vessels in service.

We have a total of 30 berths with 8.4 km length of which 24 berths are continuously connected in 6.6 km straight line, providing a maximum usable quay length and flexibility in berthing vessels. Container yard measuring 187.1 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.

Westports' surrounding area 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.

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.

With the completion of CT 9 Phase 1 in December 2017, Westport has almost completed all the infrastructure facilities required under the privatisation agreement with Port Klang Authority and Government of Malaysia signed in 1994.

On 25 August 2017 the WMSB, has received an Approval-in-Principle ("AIP") from the Government of Malaysia, to expand its container terminal facilities from CT10 to CT19 ("Proposed Expansion"). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB. With the AIP, the Company will undertake the various studies required before finalising the terms and conditions with the GOM.

The Proposed Expansion Plan will increase the current container capacity to 30 million TEUs.

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. We attribute our operational excellence to:-

- **Leading infrastructure**

  We continuously invest in our infrastructure to improve work flow and productivity. We have state-of-the-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 cargoes segment. In short, these systems plan and manage the activities across berth, vessel, yard, rail and gate to enable faster processing of containers and cargoes ("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 mobile devices installed on the rubber-tyred gantry cranes and terminal tractors, mobile tablets for rail and gate operations and 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 self-service kiosk for hauliers at the container gates, 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 employment tenure of our existing workforce is approximately seven years, with approximately 18% 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.

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.

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 31 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.

GMD's Statement and Management Discussion and Analysis

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.

Experienced Management Team

Westports' Management Team is led by myself as GMD, 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 12 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 Management 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.

Our major shareholders are represented accordingly on our Board, bringing with them 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.

RISKS 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 RISKS	IMPACT	MITIGATION
1. Changes To Services Calling At Westports	The Main Line Operators ("MLO") of the current Alliances could change their services and also the port of call at Westports, hence adversely affecting the Company's transhipment volume and overall profitability.	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 factors should be considered by MLO when selecting their choice of regional transhipment hubs. Ocean Alliance has already selected Westports as one of its transhipment hubs. This will ensure that Westports continue to be a regional transhipment hub for Ocean Alliance and other container liners that call at Westports.
2. Port competition	The Company faces competition from major regional ports for transhipment volume. Some MLO established joint ventures with terminal operators, and this may influence the transhipment volume at Westports.	Alongside with the mitigation actions set out in Key Risk 1, Westports also focus on forging high standards of customer relations and relations with all its stakeholders to ensure Westports remain as a port of choice for MLOs. Furthermore, Westports is embarking on the expansion plan to develop CT10 – CT19, which will allow Westports to forge an alliance with shipping lines and evaluate joint venture possibilities, therefore increasing our competitiveness with major regional ports.

GMD's Statement and Management Discussion and Analysis

KEY RISKS	IMPACT	MITIGATION
3. Customer concentration	A sizable portion of the container revenue is derived from major MLOs.	For significant MLOs, the focus on customer retention mitigates the risk of client or account changes. We ensure that our productivity and customer satisfaction levels are maintained – these are our top priorities. We also have close ongoing engagement with customers to obtain regular feedback on our operational performance. We aim to improve our service levels in 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. With strong growth in container volume between countries in intra-Asia, now constituting more than half of Westports total volume, customer concentration risk has reduced as some of the companies involved in this trade lane are relatively niche and smaller regional container shipping lines.
4. Macro-economic developments	Outlook on global GDP has shown signs of improvements, but risks remained such as uncertainty with regards to Brexit and US inclination towards favouring domestic and local industries. A slowdown in international trade could adversely impact transhipment volume.	More than half of Westports container volume is between countries in intra-Asia, and the Company's growth has partly relied on ASEAN, other regional economic growth and positive developments. If container throughput does slow down, 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 RISKS	IMPACT	MITIGATION
5. Development of new ports	An MOU to explore the feasibility of Carey Island Port Project was signed. The Melaka Gateway Development project has commenced.	According to a media report, the Carey Island Port Project needs to be studied further. On a medium-term horizon of 5 years, it is not expected to pose a risk to Westports. The Melaka Gateway project could need more development time. The project involves the development of a cruise terminal, residential units, shipyard and a container terminal. The container terminal is to have a potential handling capacity of 1 million TEU, and it is not expected to be a significant threat to Westports.
6. Currency Fluctuation Risk	Fluctuation of Ringgit against foreign currencies, especially the US Dollar, has an impact on the following: • Purchase of quay crane and yard gantry crane which is denominated in US Dollar; • Fuel cost for yard gantry crane and terminal tractors. Fuel cost is benchmark against US Dollar and fluctuation will change the cost of fuel per liter; • Our revenue is denominated in Ringgit and to our MLOs, fluctuation will have impact on cost of doing business with Westports.	Westports does not hedge against currency fluctuations as our primary exposure is confined to the purchase of cranes. With the completion of CT8 and CT9 development, most of the crane's requirements have been fulfilled. If more cranes are required, the progress payment for cranes is over a period of more than three years. With currency fluctuations, the peaks and troughs should most likely be averaged out. Our revenue is denominated in Ringgit and hence, is not affected by currency fluctuations. Stronger US Dollar indirectly will enhance the competitiveness of Westports especially with regards to being one of the key regional transshipment hub as the US Dollar is the main operational currency for MLOs and the shipping industry.

In addition to the abovementioned key risks, the risk register also sets out 83 identified risks which are categorised as medium to low risk within the Company's operational areas.

GMD's Statement and Management Discussion and Analysis

INVESTOR RELATIONS

Westports is committed to maintaining a strong relationship with our investors. We engage continuously with our institutional investors, sell-side and buy side equity analysts and also rating analysts to keep them sufficiently updated with our operational and financial performance and also prospects to enable them to make informed decisions about their investment in our Company. The engagement meetings with our investors and equity analysts are attended by the Group Managing Director, Chief Executive Officer, Chief Financial Officer 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. In addition to quarterly releases, Westports has also issued additional announcement, press release and conduct conference call in 2017 to provide further guidance on our container volume.

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 17 local and regional equity analysts that provide ongoing coverage on Westports.

MEETINGS, CONFERENCES AND ROADSHOWS

While Westports continues to attract interest from local and international investors, it also recognizes the importance of maintaining regular contact and building rapport with local and foreign 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 and United Kingdom. Westports has participated in a total of 13 conferences and non-deals roadshows locally and internationally in 2017. In addition to that, we have also hosted and accommodated more than 70 meetings, port tours and conference calls with analysts and investors who want to be informed and also be updated with an understanding of Westports and the industry the Company is operating within.

INDEX MEMBER

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

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

DIVIDEND POLICY

It is the policy of our Board of Directors ("Board") in recommending dividends to allow shareholders to participate in our profits while retaining adequate profits and reserves for our working capital requirements and capital expenditure to invest for future growth. The 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:

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and future 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 has targeted a dividend payout ratio of not less than 75% of our consolidated profit attributable to our equity holders since the financial year 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 2017, Westports has declared dividends amounting to RM488.4 million, as follows:

- 1st interim dividend of 6.37 sen per share amounting to RM217.3 million, paid on 15 August 2017; and
- 2nd interim dividend of 7.95 sen per share amounting to RM271.1 million, paid on 6 March 2018.

The total dividend declared to our shareholders represented 75% of the Company's profit after taxation for the financial year ended 2017. It represents a total payout of 14.32 sen per share.

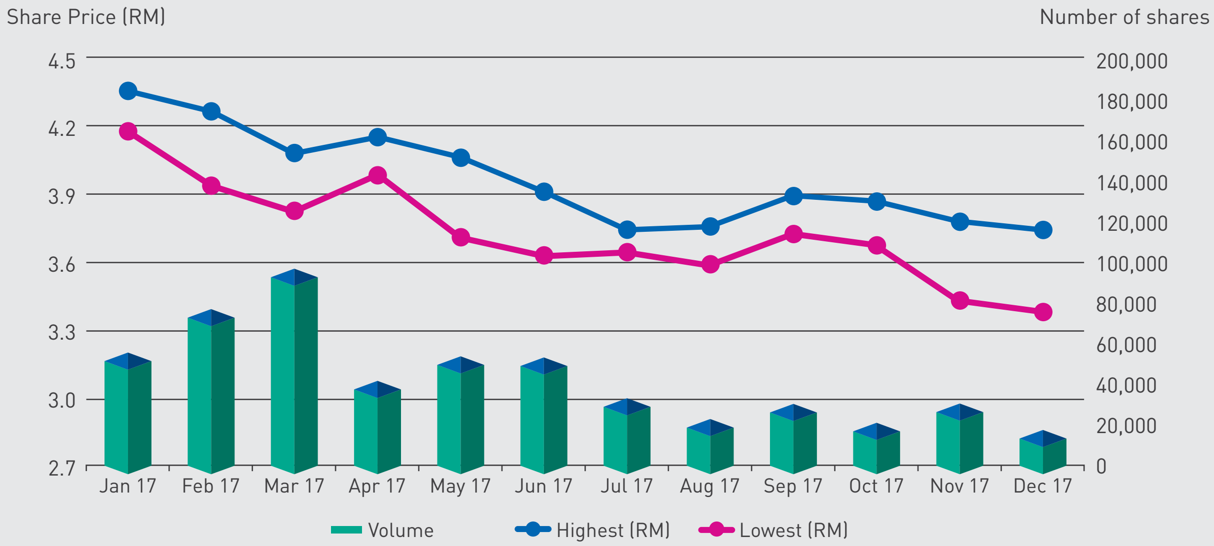
SHAREHOLDER BASE

As at 31 December 2017, Westports had 5,119 shareholders' accounts comprising of institutional, private and retail shareholders holding a total of 3.410 billion shares. Foreign shareholdings interest in Westports was 33.79% as at 31 December 2017 and this included South Port Investment Holdings Limited's shareholding of 23.55% in the Company.

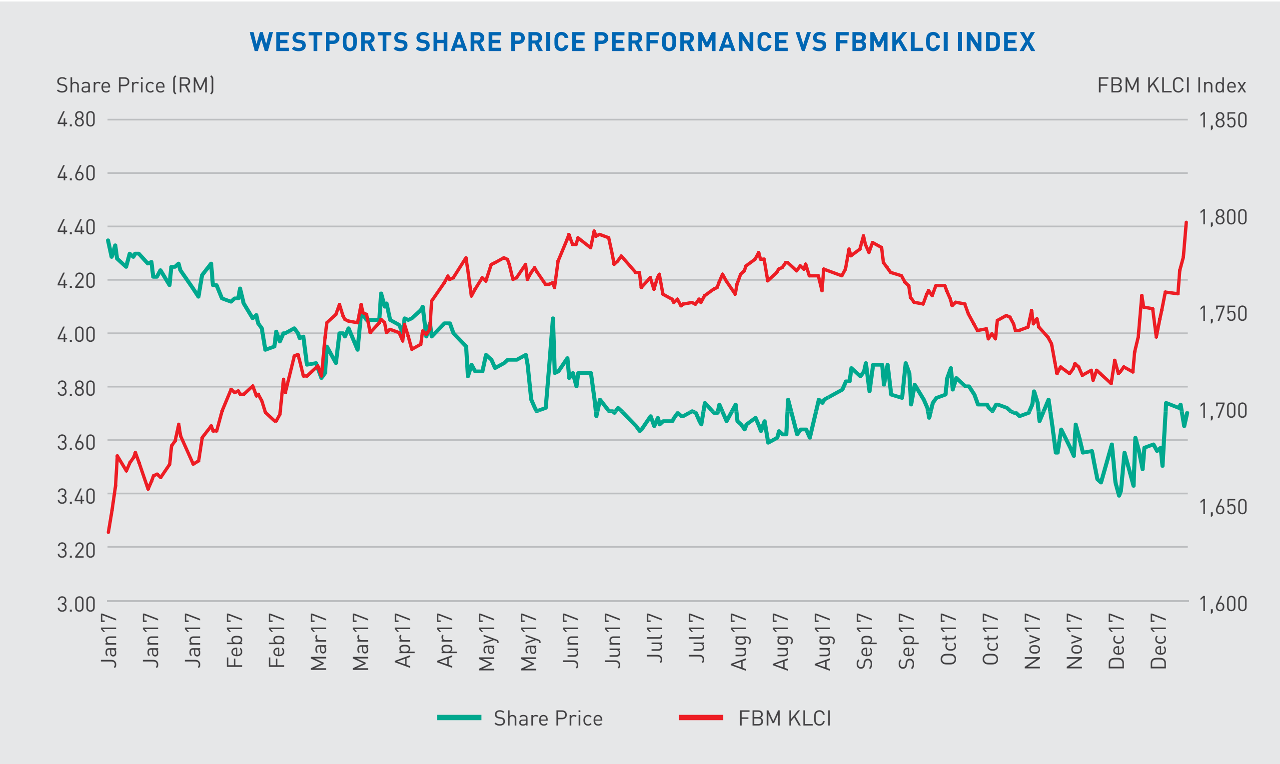
CREDIT RATING

Westports continues to exhibit strong operational performance, financial fundamentals and balance sheet strength, enabling us to retain a credit rating of AA+IS issued by Malaysia Rating Corporation Berhad since January 2008. The last review was done in June 2017.

SHARE PRICE AND VOLUME TRADED CHART



GMD's Statement and Management Discussion and Analysis



2018 OUTLOOK

The Intra-Asia segment is now constituting more than half of Westports total container volume. Thus, regional economic developments hold more significant sway on our Company's prospects in the coming year. The export-led growth that supported ASEAN's growth in 2017 is expected to continue and spur regional activities in 2018. Private investments are expected to expand as companies across the region invest and cater to higher demand. In the meantime, China's Belt and Road Initiative could spur further interests in infrastructure-related developments in the region.

As for Westports, the completion of CT9 has created additional terminal handling capacity, and our primary focus for 2018 would be to provide an excellent level of services to all our clients coupled with high levels of productivity. We expect our throughput to register a growth rate of a low single-digit percentage in 2018. The regional economic growth offers tremendous potential for expansion in containerised cargoes and the latter would underpin the medium to longer term's demand for more liners' services. These developments ultimately enhance the scope for higher sustainable volume growth at Westports.

APPRECIATION

As we move forward, we will continue to strengthen our presence as a competitive port and further build on our strong operational foundation and performance. Our achievements have spurred us on and we will continue to deliver on our targets in order to further grow and achieve our goals and aspirations.

I would like to take this opportunity to express my heartfelt thanks to all our customers, business partners, regulatory authorities, government agencies, the Executive Chairman and the Board of Directors for their continuous support and invaluable contributions to ensure another successful year for Westports. With the "One Team One Dream" aspiration within us all, we will continue in creating a bright future for Port Klang and Malaysia.

Datuk Ruben Emir Gnanalingam
Group Managing Director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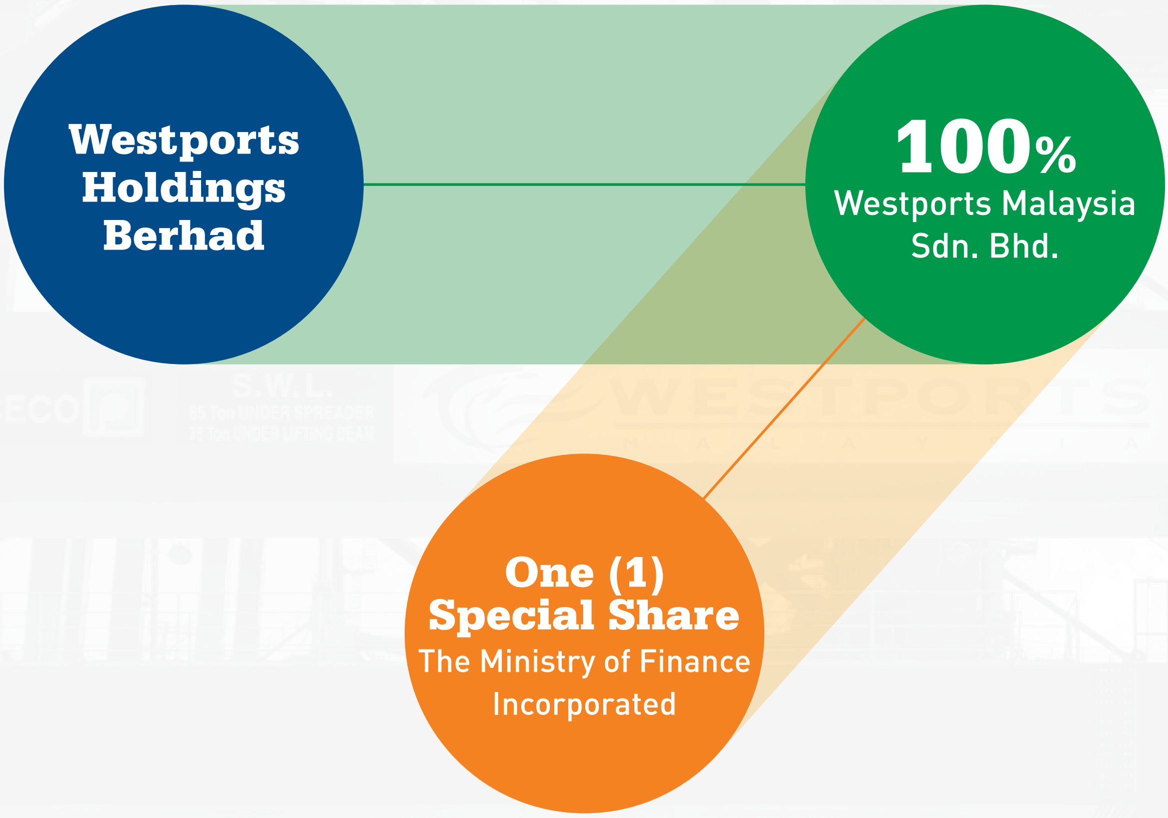
WESTPORTS
MITSUI-PACECO
S.W.L.
WESTPORTS

Our Company

Corporate Structure & Profile



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

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

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)

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

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

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

Chan Soo Chee
(Independent Non-Executive Director – appointed on 1 January 2018)

Datuk Ruben Emir Gnanalingam Bin Abdullah
(Group Managing Director)

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

Kim, Young So
(Independent Non-Executive Director)

Shanti Kandiah
(Independent Non-Executive Director – appointed on 1 August 2017)

John Stephen Ashworth
(Alternate Director to Ip Sing Chi.

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Yusli Bin Mohamed Yusoff
(Chairman)

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

Chan Soo Chee
(Member – appointed on 1 January 2018)

Chan Chu Wei
(Member – appointed on 1 January 2018)

NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

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

Tan Sri Ismail bin Adam
(Member – appointed on 1 January 2018)

Shanti Kandiah
(Member – appointed on 1 January 2018)

COMPANY SECRETARIES

Tan Ai Ning
(MAICSA 7015852)

Izreen Fara Ismail
(MAICSA 7056439)

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

WEBSITE

www.westportsholdings.com

Leadership

Profile of Directors

NAME	POSITION	AGE	GENDER	NATIONALITY
TAN SRI DATUK GNANALINGAM A/L GUNANATH LINGAM	Executive Chairman	73	Male	Malaysian

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

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

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

Tan Sri Gnanalingam's efforts were recognized when he was named Transport Man of the Year in 2001 by the Ministry of Transport, Malaysia. In 2007, he received the Small and Medium Enterprise (SME) Platinum Award, the Chartered Institute of Logistics and Transport ("CILT") Malaysia Achiever of the Year Award and was admitted as a Chartered Fellow by the CILT, UK. He was also presented with the Outstanding American Alumnus Award 2007 in the field of Logistics and Transport by the American Universities Alumni Malaysia. In 2017, Tan Sri Gnanalingam was awarded as the Value Creator: Most Outstanding CEO by the Edge Billion Ringgit Club for his visionary leadership excellence in transforming Westports as Port Klang's leading terminal operator.

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

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

His eldest son, Datuk Ruben Emir Gnanalingam, is the GMD of the Company.

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

NAME	POSITION
TAN SRI DATO' NIK IBRAHIM KAMIL BIN TAN SRI NIK AHMAD KAMIL	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
75	Male	Malaysian

Tan Sri Dato' Nik Ibrahim Kamil was appointed as Director of the Company on 7 September 1994. Thereafter, he was designated as Independent Non-Executive Director on 8 April 2013. He obtained a Bachelor of Science Degree in Economics and Business Administration from Georgetown University, Washington D.C., US in 1966. He has extensive managerial and business experience in various industries ranging from mining, petroleum, media, manufacturing, merchant banking and finance, stock broking, port management, trading to golf resort development.

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

Currently, Tan Sri Nik is an Independent Non-Executive Chairman of OCB Berhad and Executive Chairman of LionGold Corp Ltd, a company listed on the Singapore Stock Exchange. His previous appointments in Malaysian public listed companies were Independent Non-Executive Chairman of Octagon Consolidated Berhad, Chairman of QSR Brands Bhd and Non-Executive Independent Director of Camerlin Group Berhad. He also sits on the board of several other private limited companies.

Tan Sri Nik currently serves as the Chairman of the Nomination, Remuneration and Corporate Governance Committee and is a member of the Audit and Risk Management Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He attended all four Board Meetings held during the financial year.

NAME	POSITION
TAN SRI ISMAIL BIN ADAM	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
67	Male	Malaysian

Tan Sri Ismail Bin Adam was appointed as Independent Non-Executive Director of the Company on 30 August 2013. Tan Sri Ismail obtained a Bachelor of Arts (Economics) Degree from University of Malaya in 1972, a Diploma in Public Administration from University of Malaya in 1975 and a Masters of Arts (Economics) from Vanderbilt University, 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, Tan Sri Ismail is an Independent Non-Executive Director of BIMB Holdings Berhad and an Independent Non-Executive Director of Malaysian Pharmaceutical Industries Sdn Bhd. Tan Sri Ismail served as Group Chairman of Prasarana Malaysia Berhad since September 2011 until his retirement in August 2017.

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

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

Profile of Directors

NAME	POSITION
IP SING CHI	Non-Independent Non-Executive Director

AGE	GENDER	NATIONALITY
64	Male	Chinese

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

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

Mr. Ip has over 35 years' experience in the maritime industry, having joined Sun Hing Shipping Co., Ltd. in 1979 as an account executive. Subsequently, he joined Hongkong International Terminals Limited in 1993 as General Manager of commercial and and was the Managing Director of the company from 1998 to 2011. In 2005, he was appointed as Executive Director on the board of Hutchison Port Holdings Limited ("Hutchison Ports"), and is currently the Group Managing Director of Hutchison Ports.

Currently, Mr. Ip is the Chairman of Yantian International Container Terminals Limited, an Independent Non-Executive Director of both COSCO SHIPPING Energy Transportation Co., Ltd. (formerly known as China Shipping Development Company Limited), a company listed on the Stock Exchange of Hong Kong Limited) as well as Piraeus Port Authority S.A., a company listed on Athens Exchange). Besides this, he is also an Executive Director on the Boards of Hutchison Port Holdings Management Pte. Limited and Hutchison Port Holdings Trust (a business trust listed in Singapore) as well as an outside Director of Hyundai Merchant Marine Co., Ltd. (a company listed on the Korea Exchange).

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

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

NAME	POSITION
RUTH SIN LING TSIM	Non-Independent Non-Executive Director

AGE	GENDER	NATIONALITY
61	Female	Canadian

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

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

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

NAME	POSITION
DATO' YUSLI BIN MOHAMED YUSOFF	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
59	Male	Malaysian

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

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

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

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

Dato' Yusli currently serves as the Chairman of the Audit and Risk Management Committee and up until 1 January 2018, was a member of the Nomination, Remuneration and Corporate Governance Committee.

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

NAME	POSITION
CHAN SOO CHEE	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
62	Male	Malaysian

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

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

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

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

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

Mr. Chan has no family relationship with any director or major shareholder of the Company nor has he any conflict of interest with the Company. He did not attend any Board Meetings held during the financial year in review as he was only appointed as a Director of the Board on 1 January 2018.

Profile of Directors

NAME	POSITION	AGE	GENDER	NATIONALITY
DATUK RUBEN EMIR GNANALINGAM BIN ABDULLAH	Group Managing Director	41	Male	Malaysian

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

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

Datuk Ruben started his career as a trainee in WMSB in 1999 before leaving WMSB to set up a Start-up incubator known as The Makmal Group in 2000 until his departure in mid-2005. He was then appointed to the Board of the Company in July 2005 and was designated as an Executive Director in early 2006 before being appointed as the Company's Chief Executive Officer ("CEO") on 15 January 2009. On 1 January 2018 he was re-designated from CEO to GMD.

He is the eldest son of our Executive Chairman, Tan Sri Gnanalingam a/l Gunanath Lingam.

Datuk 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, which is actively involved in the Asean Basketball League. In 2016, Datuk Ruben became a co-owner and Board member of the Los Angeles Football Club.

Outside his professional engagements, Datuk Ruben is involved with many business and industry related groups. He is a member of the National Science Council and also the Deputy President of Kuala Lumpur Business Club Malaysia. He is a member of the Blue Ocean Corporate Council 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, Datuk Ruben is the Vice-President of the Malaysia Basketball Association and a member of the NBA Asia Advisory Board. Besides this, he is also the manager for the Malaysian National Basketball Team.

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

NAME	POSITION
CHAN CHU WEI	Non-Independent Non-Executive Director

AGE	GENDER	NATIONALITY
64	Female	Malaysian

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

Ms. Chan obtained a Bachelor of Social Science Degree from University Sains Malaysia in 1977 and has attended the International Senior Managers Programme by Harvard Business School in Boston, 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 had working experience in the company's human resources and marketing divisions over a 10 year period.

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

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

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

NAME	POSITION
KIM, YOUNG SO	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
55	Male	South Korean

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

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

Profile of Directors

NAME	POSITION
SHANTHI KANDIAH	Independent Non-Executive Director

AGE	GENDER	NATIONALITY
49	Female	Malaysian

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

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

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

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

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

She has no family relationship with any director or major shareholder of the Company nor has she any conflict of interest with the Company. She only attended one Board Meeting during the financial year following her appointment onto the Board on 1 August 2017.

NAME	POSITION
JOHN STEPHEN ASHWORTH	Alternate Director to Ip Sing Chi, Non-Independent Non-Executive Director

AGE	GENDER	NATIONALITY
54	Male	Chinese

John Stephen Ashworth was appointed as Alternate Director to Ip Sing Chi, an Non-Independent Non-Executive Directors of the Company, on 1 July 2016. Up until 31 December 2017, he was also an Alternate Director to Ruth Sin Ling Tsim.

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

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

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

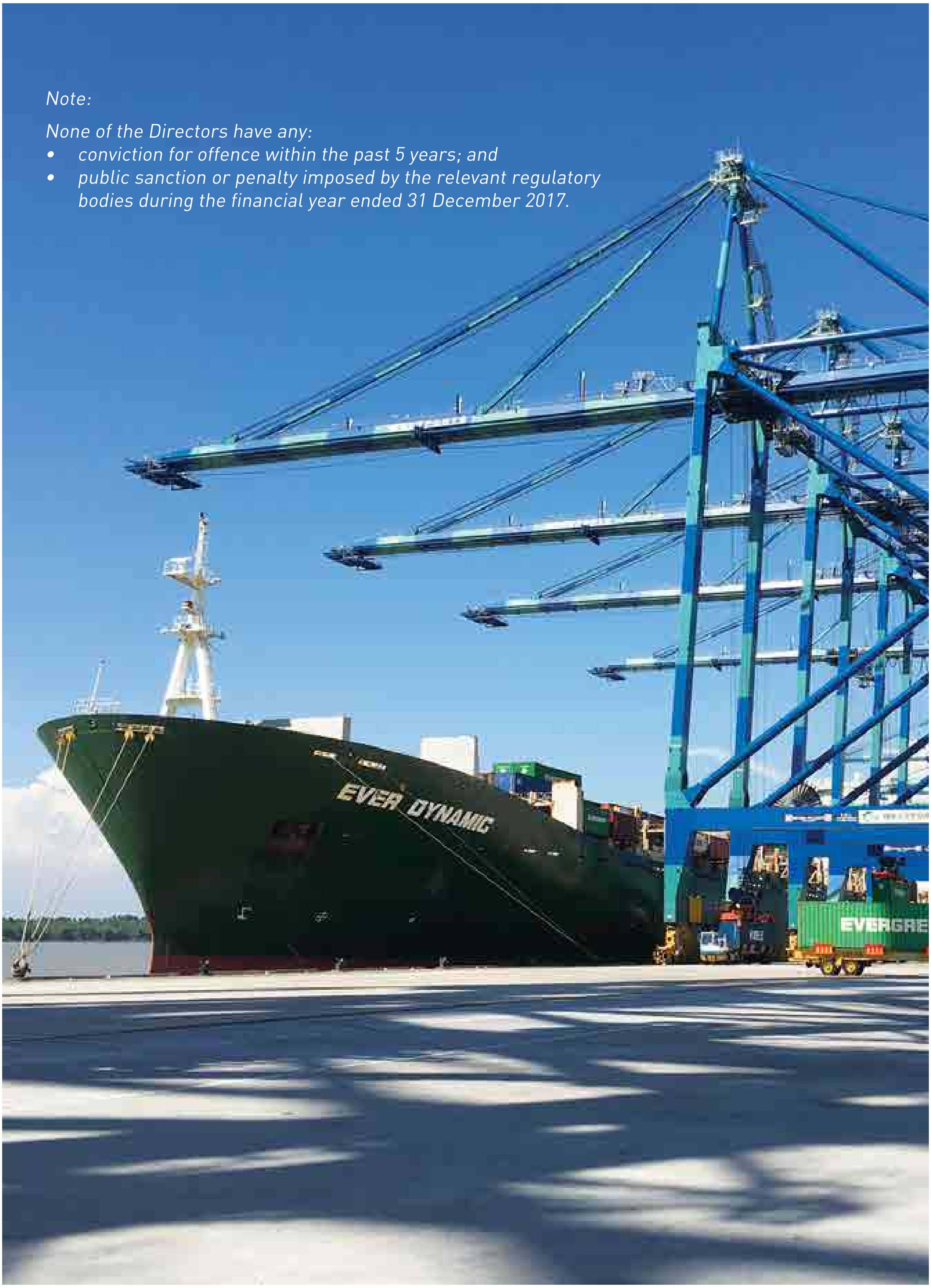
Hutchison Ports, through South Port Investment Holdings Limited, is a major shareholder of the Company. Mr. Ashworth, is not involved in the management and day-to-day operations of the Company.

Profile of Directors

Note:

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 2017.*



Profile of Management Team

NAME		POSITION
LEE MUN TAT		Chief Executive Officer
AGE	GENDER	NATIONALITY
46	Male	Malaysian

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

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

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

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

Mr. Lee attended the Senior Management Development Programme organized 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 has also attended the General Management Programme in Boston US in 2016, and he is an Alumnus of the Harvard Business School.

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

NAME		POSITION
LIM BENG KEEM		Chief Financial Officer
AGE	GENDER	NATIONALITY
62	Male	Malaysian

Lim Beng Keem joined the Westports Group in 1996 as General Manager - Finance, before opting for early retirement in 2009. In November 2010, he took an overseas assignment with Hutchinson Ports Holding Limited as Chief Financial Officer until April 2013, where he later rejoined Westports as its Head of Internal Audit, responsible for overseeing the Company's internal audit function. He later moved back into the Company's Finance Department as its Acting Chief Financial Officer in June 2014. On 1 December 2015, Mr. Lim was promoted as the Company's Chief Financial Officer, a position he currently assumes.

Mr. Lim has 34 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.

Mr. Lim holds a Management Accountancy Degree from the Chartered Institute of Management Accountants ("CIMA"). He is a Fellow member of the CIMA and a member of the Malaysian Institute of Accountants ("MIA"). In addition, he has 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 2000.

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

NAME		POSITION
VIJAYA KUMAR PUSPOWANAM		General Manager Marketing
AGE	GENDER	NATIONALITY
41	Male	Malaysian

Vijaya Kumar Puspowanam joined the Westports Group in January 2000 as Gate Operations Executive and has since served under various departments such as gate, vessel operations and terminal planning 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. He is also responsible for Customer Service IT team which focusses on improving the customers experience using the E-Terminal Plus customer portal to provide seamless communication platform for all stakeholders to do business with the port. The conventional operations department presently reports to him to enhance the coordination between business requirements and operational capabilities to better utilize company assets.

He has 17 years of experience and in-depth terminal operations knowledge. Having served under a few Port Klang Authority and the Ministry of Transport Task Forces, he is also well-versed in the overall logistics industry matters.

Mr. Vijaya holds a Business Administration (International Business) Degree from Universiti Kebangsaan Malaysia. He attended the Harvard Business School's Senior Management Development Programme ("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.

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

NAME		POSITION
NANTHAKUMAR A/L MUROKANA @ MURUGAN		General Manager, Container Operations and Resources
AGE	GENDER	NATIONALITY
45	Male	Malaysian

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 headed Container Logistics department in the year 2015. He also focuses on succession planning and competencies development through constant coaching and training.

Mr. Nanthakumar has 17 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.

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

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

Profile of Management Team

NAME		POSITION
TAN WEI CHUN		General Manager, Terminal Planning and Development
AGE	GENDER	NATIONALITY
43	Male	Malaysian

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

He holds a Degree in transportation and logistics from the Chartered Institute of Transport and is a member of the Chartered Institute of Transport since 1997. He attended the Senior Management Development Programme ("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 19 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.

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

NAME		POSITION
AHMAD DAMANHURY BIN IBRAHIM		Senior Manager Engineering
AGE	GENDER	NATIONALITY
50	Male	Malaysian

Ahmad Damanhury bin Ibrahim joined the Westports Group in July 1995 as a civil engineer and assumed his present position in July 2007. He is currently responsible for the port infrastructures and civil facilities maintenance, port expansion project developments and 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 performed various port infrastructure developments, civil engineering projects and projects management roles ranging from design engineer, projects engineer, projects manager and head of projects position for a myriad of engineering projects since he began his career in 1990. 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 UEM Group subsidiary involved in the planning and construction management of the PLUS and Metramac highways projects. Thereafter, he was attached to a consultancy firm from 1992 to 1995 involved in the Subang Airport Redevelopment project and the Kuala Lumpur International Airport ("KLIA") project.

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

NAME		POSITION
LEE HOOI HUANG		Assistant General Manager, Information Technology
AGE	**GENDER**	**NATIONALITY**
50	Female	Malaysian

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

Ms. Lee has more than 29 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.

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

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

NAME		POSITION
JOANNE SEE YOKE ENG		Assistant General Manager, Human Resources
AGE	**GENDER**	**NATIONALITY**
39	Female	Malaysian

Joanne See Yoke Eng joined the Westports Group in April 2001 as an Executive Trainee, upon graduating in March 2001. She assumed her current position as Assistant General Manager in January 2017.

She has 17 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.

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

Profile of Management Team

NAME		POSITION
KHOO THENG FEI		Assistant General Manager - Finance
AGE	GENDER	NATIONALITY
33	Female	Malaysian

Khoo Theng Fei joined the Westports Group in April 2015 as Finance Manager. She assumed her current position with effect from January 2017 with responsibility for overseeing Westports's financial related matters.

She holds a Bachelor Degree in Accounting and Finance from Sheffield Hallam University, UK and has been an Affiliate of the Association of Chartered Certified Accountants ("ACCA") since 2009. She attended the Senior Management Development Programme ("SMDP") organized by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2016.

Ms Khoo has 10 years of experience in the field of accounting and finance. She started her career as a tax consultant with Ernst & Young Tax Consultants Sdn Bhd in 2007. Subsequently, she joined Barry Callebaut Malaysia Sdn Bhd as Senior Finance Executive in 2011 and was the company's Costing Manager prior to joining Westports .

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

Achievements

Recent Awards

2017

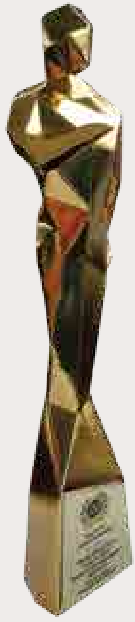
Value Creator: Malaysia's Outstanding CEO of The Year
for Tan Sri Datuk G. Gnanalingam
by The Edge Billion Ringgit Club, 2017

Big Cap Companies Highest Return to Shareholders over three years (RM 10 billion to RM 40 billion market capitalisation)
– Silver Award by The Edge Billion Ringgit Club, 2017

2017

Excellence in Logistics Award by Malaysia International Business Awards 2017

Life Time Achievement Award in Port / Terminal Industry for Tan Sri Datuk G. Gnanalingam by Global Ports Forum 2017



The BrandLaureate Elite of Elites Brand Leadership Award - King of Logistics Integrated Port Solutions 2016 - 2017 for Tan Sri Datuk G. Gnanalingam by The BrandLaureate Bestbrands Awards 2016 - 2017

Best Employer Award 2016/2017 by Employer Branding Awards

Port / Terminal of the Year Award - South East Asia 2017 by Global Ports Forum

Past Key Awards

2016

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

Top SME Supporter Award by the SME Association of Malaysia and Platinum Business Awards 2016

Industry Excellence Award – Logistics by ASEAN Business Awards Malaysia 2016

Company of the Year Award (Ports & Logistics) for Championing CSR Initiatives by CSR Malaysia

2015

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

Entrepreneur of the Year in the Logistics sector of Asia for Datuk Ruben Gnanalingam by World Finance, 2016

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

Sahabat Negara SME Award from SME Malaysia 2015

2014

Selangor Excellence Business Awards 2014

- Industry Class in Logistics for Westports Malaysia
- Lifetime Achievement Awards for Tan Sri Datuk G.Gnanalingam

Anugerah Prestasi Cemerlang Maritim by Marine Department of Malaysia, 2014

Best Companies to Work for in Asia Award by HR Asia, 2014

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

Emerging CEO of the year for Datuk Ruben Gnanalingam by the Chartered Institute of Logistics and Transports (CILT), 2014

Corporate Responsibility

Corporate Responsibility

Westports Group is committed in its corporate responsibility efforts and is closely engaged towards the community, workforce, environment and marketplace. We believe that this ensures the sustainability of its business operations and is one of the reasons for our success as Malaysia's main transshipment and gateway port.

With a 23 year old history of making Pulau Indah home to our business operations, we take pride in our community engagements and community based initiatives that would enrich the lives of those surrounding us. We strive to ensure that the rest of the community, especially the *Asli* community, 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 and no one should be left behind.

We spent a total of RM731,000 in 2017 for the community programmes excluding time volunteered by our staff.

HEALTHCARE

Westports organises free medical check-ups for the old folks of Pulau Indah. Our community clinic is not only for the Company employees, but also serves the residents of Pulau Indah. For those unable to travel the distance to a nearby medical facility, we offer our company ambulance to transport them over to our community clinic to enable them to receive the necessary medical treatment. Our community clinic also makes arrangements for them to obtain medical check-ups where required.

Westports also carried out optical check-ups for selected students in SK Pulau Indah 2, whereby 18 students benefited from vision aid under Westports' sponsorship.

COMMUNITY CLINIC

Certain 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

▲ The Finance Department's CSR activities centered on various means in easing the lives of the old and needy in Pulau Indah. This included contribution of daily essentials and monetary aids to identified families.

As part of the Company's efforts in enhancing the level of education of the Pulau Indah community, the Conventional Team helped set up a mini library in the Asli Community hall.

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 Community Clinic, 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.

POVERTY ERADICATION

- **Job Opportunities**

  Over the last two decades, Westports, being the largest employer on the island, has created thousands of jobs in Pulau Indah. As a result, many island residents have benefited from the employment opportunities made available to them by Westports. Additionally, we have taken up the mantle to improve the livelihood of many of the low income community through various contributions.

- **Cash Assistance for the Old and Needy**

  One of the initiatives we have committed ourselves in our effort to eradicate poverty is by providing cash assistance to poor families, single mothers and old folks with low or no income. These individuals are provided with a monthly subsistence allowance of RM300.

EDUCATION ENHANCEMENT

We believe education is the most crucial element in uplifting our society in terms of socio-economic status and livelihood. Over the years, Westports has invested significant amount of time, energy and money in enhancing the education of many students in Pulau Indah.

- **Trust School Programme**

  We have adopted two schools on the island, namely SK Pulau Indah and SMK Pulau Indah, under the Trust School Program organised by Yayasan Amir, a unit of Khazanah Nasional, in collaboration with the Ministry of Education. More importantly, Westports has committed approximately RM 5.6 million for the four years' programme, which commenced in 2014. We received positive response from parents, amongst them are also Westports employees, whereby their children showed positive development in terms of personality, study skills

All fun and play in learning with the HR Team at SK Pulau Indah's English Day.

Corporate Responsibility

and communication. Westports will continue to monitor the performance at these schools.

Under this Programme, there are 4 strategic goals for which the schools are graded on, which are leadership and management qualities, learning and teaching qualities, maximising students potential and the involvement of parents and community. The two schools have a target of achieving 90% on the four strategic goals and in 2017, they have surpassed the 80% rate towards achieving their 2018 goals.

The Trust School Programme in Pulau Indah has garnered positive response from parents, teachers and schoolchildren alike.

- **English Language Campaign**

  Promoting the English language among the students of Pulau Indah is one of our key goals. English Language campaigns are organised by the Company to encourage local students to speak in English. Through these campaigns, we are confident in improving the English language proficiency amongst the students in Pulau Indah and also emphasise on the importance of the language in today's world. The campaigns are structured in a systematic way whereby the students will take part in engaging activities such as role play and public speaking. These interactive activities were well received by the students and teachers alike.

- **Career Day**

  Many of the younger generation are aware of Westports being the leading port in Malaysia, despite never setting foot into the port. Earlier this year, we invited a group of students from SMK Pulau Indah, who were given the opportunity to experience life inside a port. Following a comprehensive port tour during the visit, these students were privy to an educational real-life learning experience of a port in operation. A career talk was also conducted whereby these students were exposed to the various roles within the port.

- **Teambuilding for Standard 6 students**

  Westports organised a teambuilding programme for Standard 6 students of local schools aimed at easing the transition of adapting from primary education to secondary education. The teambuilding activities particularly emphasized the good values that students should inculcate for a better future ahead of them.

- **Westports RSYC Community Sailing Program**

  Our activities also aim at produce well-balanced students, who do not only excel academically but also excel in their extra-curricular activities. As such,

The Career Day 2017 was a successful event with Pulau Indah secondary students getting to experience what a working day on an operational port was like.

▲ *Westports is proud to collaborate with the students of Klang Vocational College during its Open Day 2017.*

▲ *As part of its contribution to the local community, two houses in Pulau Indah were refurbished by the Engineering Team to help ensure the safety and well-being of its occupants.*

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. In doing this, the programme also aims at discovering new maritime talents which can be nurtured and trained from a young age.

- **Learning tools for special students**

Westports provide the special students in SK Pulau Indah 2 with learning tools. These tools will assist them in their learning activities as well as increase their motor skills. Westports will continue to ensure this group of students be given proper education to educate and encourage them to live an independent lifestyle in the future.

- **Klang Vocational College**

Westports also provides assistance to the students and management of the Klang Vocational College. The assistance provided to these students are in the form of study tools for the needy students. Westports also collaborated with the college during their Open Day by providing safety and career talks.

LOCAL COMMUNITY CONTRIBUTION

- **House Refurbishment for poor families**

House refurbishment activities were carried out in Kampung Sungai Kambong and Kampong Perigi Nenas by our Engineering Team for the needy. Two homes benefited from the refurbishment activities providing the families with a safer and decent living environment.

- **Contribution to the Asli community in Pulau Indah**

It is imperative to us that the welfare of the Asli community, the long inhabitants of Pulau Indah, is taken care of socio-economically. As a responsible organisation, we have identified the Asli settlements in Pulau Indah which require our attention. We have made it our mission to improve the living standard of the Asli community.

▲ *The Engineering Team helped refurbish the surau in a kampong on Pulau Indah as part of its CSR activities.*

Corporate Responsibility

Westports Port Police is a team of trained personnel that oversees the safety and well-being of not only the Company employees but also that of the Pulau Indah community.

To this effect, some of our key initiatives carried out in 2017 include setting up a mini library at the Asli Community hall and *Gotong – royong* activities at the Asli village.

COMMUNITY SAFETY AND SECURITY

- **Port Police**

The Port Police Department takes a proactive approach in crime prevention and security awareness within their border of authority. Crime prevention and safety awareness programmes were conducted with a goal to eliminate or minimize criminal opportunities whenever possible and to encourage all Westports employees to be responsible for both their own safety and the safety of others.

Under the National Key Result Areas, the 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 is also responsible for ensuring smooth traffic flows along the Pulau Indah Highway, managing 'contra flow' to ease standstill traffic arising should there be any and conducting patrolling activities around the island 3 times daily. The Port Police patrol teams are also well trained to handle emergency incidents such as accidents and vehicle breakdowns.

During the year, the Port Police carried out a fire preventive system audit and rectification programme at Sekolah Kebangsaan Pulau Indah. The objective of this program was to ensure that the school's fire preventive system was in working order to ensure the safety of the students and school teachers in case of emergency. In addition, fire evacuation drills and basic CPR course for the school's students and teachers were also conducted to instil fire safety awareness and basic knowledge on CPR response.

As part of its activities, the Port Police will carry out joint activities with the local enforcement personnel, to better safeguard the community.

▲ *Westports has in place an established emergency response team, ready to act as first corresponders in the event of any emergency on Pulau Indah.*

- **CCTV Installation**

  The safety and security of the community in Pulau Indah is important to Westports. Seven wide angled CCTV cameras have been installed at strategic locations around the island, in consultation with the *Jawatankuasa Kemajuan dan Keselamatan Kampung* Pulau Indah (Village Development and Safety Committee). The CCTVs are being monitored from Westports' control room.

  This is part of our ongoing efforts to ensure that the community in Pulau Indah lives in a safe and secure environment, conducive for the development of the community.

- **Emergency Response**

  Due to the quite remote location of Pulau Indah from nearby city centres, emergency response services can be a challenge for the island inhabitants. This is where our Port Police team serves as a relief squad for the Royal Malaysian Police, Fire Brigades and Medical services. During emergencies, the Port Police team serves as the first respondents, able to arrive within 20 minutes to the location of emergency, to provide immediate relief and remedy. We also provide free ambulance services from Pulau Indah to the General Hospital in Klang.

  Throughout the year, we have collaborated with the state BOMBA authorities and other government security agencies to conduct fire drills and training programme for other businesses on Pulau Indah.

- **Marine Safety**

  We have a competent Port Police Marine Unit, which has two patrol boats and eight marine personnel to protect and keep the sea lanes secured at all times. The unit provides a quick and timely processing access, guarding Westports and the sea channel from unanticipated threats.

  In compliance with the ISPS Code for the enhancement of ships and ports facilities for secure marine operations, the following marine drills and exercise was carried out during the year as follows:-

  i. ISPS Code 1st Quarter Drill on Sabotage scenario;
  ii. ISPS Code 2nd Quarter Table Top Exercise on Cyber Attack scenario;
  iii. ISPS Code 3rd Quarter Ops Ex- National Exercise on Ship hijacking by terrorist scenario.

WESTPORTS SOCIAL CONTRIBUTION

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. For 2017, Westports has allocated RM2 million as its contribution towards sporting development.

2017 also saw Westports continued its partnership in the Malaysian Collective Initiative (MCII), which is a collective impact initiative aimed at achieving systematic educational and social change in Malaysia through cross partnerships. The MCII efforts work towards benefiting and continuously improving the national education transformation agenda, with local private corporations (such as Westports) contributing its resources and core business competencies in a collective effort towards improving Malaysian schoolchildren education in a sustainable way. In supporting the backbone of MCII, Westports contributed RM50,000 in addition to its ongoing corporate business support in MCCI's activities.

Corporate Responsibility

Workforce

EMPLOYMENT PHILOSOPHY

In Westports, we conduct our business with integrity and efficiency while providing excellent compensation benefits and training to our employees, job enrichment and developing our human capital. Our employees form an integral component of Westports achievements. In projecting the best work practices in line with our objectives and the Company's culture, we are determined to be the Employer of Choice for the future generation.

Westportians are our greatest asset and driving force behind our Group. We have a total headcount of 4,456 Westportians as at 31 December 2017, with 4,062 being operational staff and 394 being management staff.

We provide attractive employment benefits which form an important component of the Group's employee value proposition. This is intended to support Westports' attractiveness as being an employer of choice, enhance our retention strategy as well as to ensure that employees welfare is well taken care.

EMPLOYMENT DIVERSITY

Employment Diversity	Operation		Management		Total	
	2017	2016	2017	2016	2017	2016
Gender						
Male	98%	98%	90%	89%	97%	97%
Female	2%	2%	10%	11%	3%	3%
Age						
<30	52%	57%	28%	42%	50%	56%
31 - 50	44%	40%	66%	54%	46%	41%
>51	4%	3%	6%	4%	4%	3%
Ethnicity						
Malay	85.4%	86.1%	55.3%	53.3%	82.8%	83.3%
Chinese	0.2%	0.2%	7.1%	7.5%	0.8%	0.8%
Indian	10.1%	10.6%	36.3%	37.6%	12.4%	12.9%
Others	4.3%	3.1%	0.8%	0.8%	4.0%	2.9%
Foreigner	-	-	0.5%	0.8%	-	0.1%
Total Number Employee	**4,062**	**4,212**	**394**	**399**	**4,456**	**4,611**

Recruitment	Operation		Management		Total	
	2017	2016	2017	2016	2017	2016
Gender						
Male	97%	99%	92%	82%	97%	98%
Female	3%	1%	8%	18%	3%	2%
Age						
<30	90.1%	94.8%	66.1%	83.8%	88.4%	94.2%
31 - 50	9.7%	5.2%	33.9%	14.7%	11.4%	5.7%
>51	0.2%	-	-	1.5%	0.2%	0.1%
Total Number Employee	**833**	**1,302**	**62**	**68**	**895**	**1,370**

Resignation	Operation		Management		Total	
	2017	2016	2017	2016	2017	2016
Gender						
Male	97%	98%	89%	81%	97%	97%
Female	3%	2%	11%	19%	3%	3%
Age						
<30	78.3%	78.5%	49.2%	34.0%	76.2%	76.3%
31 - 50	20.8%	20.2%	46.2%	58.5%	22.6%	22.1%
>51	0.9%	1.3%	4.6%	7.5%	1.2%	1.6%
Total Number Employee	**875**	**981**	**65**	**53**	**940**	**1,034**

EMPLOYEE RELATIONS AND ENGAGEMENT

- **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 July 2017. It is published in both Bahasa Malaysia and English for the convenience of our employees.

▲ *Our employees are our greatest assets. Constant employee engagement programmes, such as the TTO Team Engagement programme held in Trolak, Perak serves to foster better working relationships within the teams.*

- **Employee Engagement**

  We recognize the importance of effective employee communication amongst employees, as well as between Management and employees. 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. A monthly internal company magazine is also published and disseminated company-wide to showcase employee engagement activities and messages from the Management.

  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 firsthand 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.

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

  In 2017, the Company did not receive any reported case of discrimination.

Corporate Responsibility

In caring for the community, Westports provides not only employees but the Pulau Indah residents with medical and healthcare facilities, readily accessible when required.

- **Medical and healthcare facilities**

  Westports continues its wellness philosophy of preventive care intervention for its employees. Cognizant of the fact that a healthy, engaged, and motivated workforce leads to better performance, Westports strives to care for its employee's needs, beyond the basics.

  To this end, Westports Medical Team (consisting of 2 full time doctors, 3 Medical Assistants and a Staff Nurse) conducted the 2017 edition of the bi-annual Health Passport. This year, employees aged 35 years and upwards were preventatively screened for chronic illnesses. Leveraging on Westports' in-house medical facilities, employees needed to only drop by the In-House Clinic for a five to ten minute session of tests to ascertain their susceptibility to chronic illnesses.

  Employees assessed with a high susceptibility will continue with interventions at the fully equipped Gym. Each intervention is designed specifically by our in-house fitness instructors to meet the specific fitness goals of each employee. Being a crucial resource in the Westports' Preventive Care intervention, the Company has invested RM 250,000 on procuring resistance and strength training equipment as well as cardio workout equipment.

  Additionally, Westports has set-up a mini gym housed in the new Marshalling 2 facility for ease of access to employees at the Wharf-side. The Westports Physiotherapy Center continues to help employees rehabilitate and return to work faster in light of the focus and dedicated degree of care provided by the 2 full-time physiotherapists. Employing manual therapy, therapeutic exercise and electrotherapy our experienced physiotherapists aims to make every session significantly count towards rehabilitation.

  On the awareness front, Westports have conducted talks and employee engagement sessions on Infectious Diseases and Respiratory Illnesses in Children in during the year.

  With this philosophy in place, we remain committed to the wellness of our workforce and their families just as our employees are committed to Westports performance.

- **Sport Activities**

  The focus on better productivity for a company dwells in the well-being of its staff, both physically and mentally. Westports recognises the value of sports in developing and bringing out the best in our people, and bonding our communities as "One Team". To ensure best performance, fitness and teamwork among

In the sporting arena, Westports' saw employees from various functions competing against each other in Westports' 2017 Inter-Department games.

staff, the Company promotes sports and recreational activities for staff.

Sports and recreational activities are managed by a Sports Club Committee where the members comprise of staff from various departments. Annual programs and inter-departmental events were organized by this Committee without engaging external consultant. A total of 9 inter-departmental games were organized in 2017 consisting of marathon, snooker, tug of war, dart, carom, sepak takraw, badminton, bowling, and football for men. Female employees are not left out – besides competing in badminton, bowling, table tennis and mini marathon tournaments, traditional games such as *congkak, batu seremban, darts, carom and dam haji* were also organised.

Our employees have also participated in external sporting events with government and public agencies.

TALENT DEVELOPMENT AND HUMAN CAPITAL MANAGEMENT

- **Building capabilities and competencies**

The year 2017 saw Westports emphasizing on building internal capability and staff competency in the area of leadership. The year also saw Westports embarking on partnering efforts with the training agencies as part of building Westports' internal capability. More structured development program was established to reduce the competency gap.

Corporate Responsibility

Another milestone achieved in 2017 is that career progression for internal staff is also being managed under the Westports Succession Planning (SP) program as part of talent retention effort. Potential staff who are identified and earmarked to succeed in critical positions identified by Top Management will be developed based on the gap identified in their individual development plan. Westports realised that developing our own people would have a long term benefit particularly because it is in a 'niche' market where talent is scarce and turnaround time to recruit external talents are longer.

Westports Talent Management Framework was developed with three pillars. As a feeder to the Succession Planning Program, Leadership Talent Program developed to support the SP program. Westports invested in their talent to ensure the continuity in their leadership pipeline.

Under the talent management landscape, Westports has recruited 10 candidates under the Management Trainee Program who have undergone a 9-months structured program. The trainees were selected based on their academic achievement, active participation in extracurricular activities and possess leadership potential. They are part of the Westports integrated Talent Management (ITM) framework. The overall aim of this framework is mainly to attract, develop and retain talent to ensure adequate supply of competent leaders at every level in the organisation.

We encourage Westportians to participate in enhancing the work-life values in the Company. In 2017, employees from various departments participated in the Port Improvement Project to provide the Company with innovative ideas.

- **Training and Development**

In 2017, we continued with the teambuilding programme for Terminal Tractor Operators ("TTO") being the single largest category of operator in container segment. The 2 days external program was conducted with the new recruits in Trolak and the main objective of the program is to motivate and encourage high team spirit amongst TTO, inculcate positive values and achieve the Group's objectives, vision and mission.

As for other employees, our Training and Development section undertook the initiative to conduct employee engagement sessions internally. The aim of the employee engagement session was to cultivate team excellence, encourage team performance and building high team spirit. Some of the activities conducted include a presentation on Westports culture, objectives & vision, explore race and pledge on how the employees will be able contribute towards Westports development.

2017 also saw an increase in in-house and awareness training sessions for both executives and non-executive categories. For executives, we focused on trainings related to Customer Service Excellence, Developing

Westports' operation teams are provided with opportunities to further develop and enhance their skills and knowledge to move with the ever-evolving business conditions.

Managerial Skills and Leading Teams to Greater Heights. As for the non-executive category, emphasis was given to trainings pertaining to Building Exceptional Work Performance & Attitude, Customer Satisfaction and 5S Housekeeping & Implementation.

Westports emphasises on training and development programs to continuously enhance the skills and expertise of human capital for continuous operational excellence. As business needs are dynamic, 2017 is a year where more emphasis was given in developing people to further enhance the competencies of hard and soft skills for all employees through "on the job training' and classroom sessions.

As business needs are dynamic with demanding industry challenge, we had also placed importance in tapping our employee's full potential in generating ideas on improvement and innovation projects and streamlining our business processes and management know-how knowledge.

Human capital development program are conducted on a continuous basis that provides the opportunity for direct coaching and mentoring. The coaching activities include management development courses facilitated by industry experts that focuses on employee bonding, cross department synergies and leadership excellence through management retreats. We complement this further with technical skills enhancement programs and senior management program to enhance job satisfaction, confidence and commitment amongst our people.

It is of utmost important that development programs are run on a continuous basis and employees are equipped with the necessary skills to improve the efficiency of the port operations.

Corporate Responsibility

Some of the programs that had proven in enhancing employee job satisfaction, career progression and employee retention, which include the following:

(i) Senior Executive Retreat
(ii) Young Executive Program
(iii) Container Seminars
(iv) Senior Manager Development program by Harvard School Alumni Club of Malaysia
(v) Soft Skills Training Programs
(vi) Management Training Sessions
(vii) Port Related training Sessions
(viii) Skills Development Program
(ix) Terminal Tractor Operator Engagement Program
(x) Central Planning & Port Visits

To further enhance the technical know-how, hard and soft skills of our employees, Westports also focuses on certification programs to enable the employees to contribute further to the development of the organisation. These programs would include :

(i) Electrical LV Chargeman A1& A4 certification courses
(ii) Electrical HT Chargeman BO 11Kv & 33Kv courses
(iii) Certification in CSR & Sustainability Management
(iv) Certification in Maritime Law
(v) Certified Practitioner in Human Resources Management
(vi) Certified Environmental Professional in Sewage Treatment Plant Operation
(vii) Schedule Waste Management Training

Besides the above, we had also placed importance to ensure that trainings related to safety at workplace and security related training session are given importance and have continuously conduct these trainings on a yearly basis. Some of these trainings would be as follows.

(i) Total Safety Seminar
(ii) Hazardous Area Classification
(iii) International Border Interdiction
(iv) Crisis Management Training
(v) Working At Height
(vi) Road Traffic Management Session
(vii) International Maritime Dangerous Goods Awareness Program

TRAINING HOURS BY EMPLOYEE CATEGORY

	2017	2016
Training hours		
- Management	21,608	21,232
- Workforce	447,184	491,354
Total	**468,792**	**512,586**
Per employee		
- Management	55	53
- Workforce	110	117
Total Average per employee	**105**	**111**

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.

The Marketing Team conducted its annual Mangrove Replanting programme on Pulau Indah to ensure the protection of biodiversity and ecological system on Pulau indah.

PROTECTING BIODIVERSITY WITH MANGROVE TREE PLANTING PROGRAMME

Mangrove forests are extremely productive ecosystems that provide numerous benefits to both the marine environment and people. They are home to various species of fish, crab, shrimp and mollusc. Their dense root systems also trap sediments flowing downstream and off the land. This stabilises the coastline and prevents erosion from waves and storms.

Westports believe environmental protection should be the responsibility of all parties including companies, schools and individuals. On 23 July 2017, Westports initiated an ongoing mangrove replanting programme to help rebuild Pulau Indah's ecosystem and beautify the area. Westports collaborated with Infinity Logistics & Transport Sdn Bhd and Central Spectrum Sdn Bhd under the guidance of the Coastal Fishermen Welfare & Education Association Malaysia. Five hundred participants took part in this event despite it being held on a weekend. Most importantly, more than 3800 mangrove trees were planted. Furthermore, 650 mangrove seedlings were sowed to ensure a stable supply of mangrove trees at cost effective rate for the sustainability of this programme.

A mangrove nursery was also established in Selangor to purchase seeds at preferential rates. Many fishermen recognise the importance of mangrove ecosystems for coastal defence as well as providing a habitat, nursery and breeding grounds for marine life. Westports aims to continue with this collaboration to safeguard the interests of the fishing communities in Pulau Indah.

Corporate Responsibility

OCCUPATIONAL SAFETY AND HEALTH

It is our prime objective as a terminal operator to establish, in a practical manner, a safe, healthy and environmental ("SHE") friendly working environment to its employees and business partners. As such, we are committed to:-

- Comply with the Occupational Safety and Health Act 1994 (OSHA 1994), the Factory Machinery Act 1967, Environmental Quality Act 1974 and other applicable acts, legislations, orders, rules, codes of practices nand other equirements which are applicable to our business operations.
- Prevent harm to port users and pollution to environment to continuous improvements in safety, health and environmental management and performance.
- Provide facilities, materials and resources so that all workers are able to conduct their business in a SHE friendly manner.
- Ensure that all employees are acknowledged, informed, trained and supervised in all the SHE requirements, mitigating all risks to themselves, any other person and to the environment.

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

OHSAS 18001 aims at eliminating or minimising risk to the Group's 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 safety related initiatives and activities are elaborated below:

a) SHE Committee

In compliance with the OSHA Act 1994 and Regulations, every Department within Westports is represented in the 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 Act 1994 and Regulations is carried out by a dedicated team throughout the terminals every day. Any violation of the OSHA Act and Regulations will be penalised by issuing summons or defaulters.

b) Safety induction for port users

Westports has developed a mandatory safety induction sessions which are held from Monday (Half-day) until Thursday for all new port users. This aims at ensuring safety awareness and requirements when operating within the port area. In 2017, a new safety induction was implemented for port users and haulier drivers, in compliance with DOSH requirement so as to provide them with better safety guidance and awareness. Various topics are covered during these induction session, including safe work practices, proper usage of personal protective equipment, basic traffic safety and emergency response procedures, amongst others.

c) Accident Tracking System ("ATS")

We have in place 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 occurrence of accidents within the port premises. Compared to 2016, Westports registered a total of six injury incidents and 2 fatal incidences for 2017 (in 2016, there was a total of 22 injury cases and 3 fatality cases reported).

Management continuously implements proactive measures to reduce the occurrence of accidents to ensure a better and safer working environment in 2017. A Lost Time Injury Frequency Rate ("LTIFR") was implemented in the Company 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 2017, LTIFR was recorded at 0.9 for every 1 million hours worked, compared with the 2.26 recorded in 2016.

d) Working at Height safety trainings

Westports introduced working at height safety training to curb undesired height related safety incidents in the port area. The training sessions were conducted by an external trainer and attended by M&R technicians, Engineering technicians, EHS staffs and T&D section. Following this, in house trainers were identified to continue such safety training sessions.

In addition, we also carried out an evaluation on the safety of our equipment used when employees are required to work on higher grounds, such as the harnesses and safety lines.

e) Forklift competency training

In-house forklift competency training sessions were carried out throughout the year for our employees, contractors and third parties operating within the port area.

f) Safety Campaign

Westports is an organisation that is very much concerned about the safety and health of its employees in order to ensure consistent and continuous productivity. In Q4 2017, a safety campaign was carried out within the organization via a series of lectures and safety programmes.

As safety is of utmost importance within the Company's business operations, Westportians are provided with safety at workplace training, for example the working at height safety training sessions conducted by the M&R team.

ENVIRONMENTAL MANAGEMENT

Westports has obtained certification for ISO 14001:2004 in April 2009 in compliance 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.

- **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 RTGs such as VS RTG and Hybrid RTG since 2014. As a result, our fuel consumption per TEU has reduced accordingly.

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

Corporate Responsibility

of pollution and compliance with applicable legal and other requirements.

Ozone depleting substances (ODSs) are substances which deplete the ozone layer and are widely used in refrigerators, air conditioners, fire extinguishers, dry cleaning, cleaning solvents, electronic equipment and as agricultural fumigants. The Montreal Protocol on Substances that Deplete the Ozone Layer aims to protect the ozone layer by phasing out these substances that are believed to be responsible for ozone depletion. Westports supports this initiative and has replaced older air conditioning equipment in the operators' cabins with inverter alternatives and green refrigerant gas.

- **Water pollution**

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 from 2014, all iron pipes would be gradually replaced with HDPE type.

- **Energy consumption**

WATER CONSUMPTION	2017	2016
Million m3	1.34	1.36
M3/TEU	0.15	0.14
ELECTRICITY CONSUMPTION		
Million KW/h	91.5	95.5
KWh/TEU	10.14	9.52

- **Noise pollution**

In compliance with the Factories and Machinery Act 1967 (Noise Exposure Regulation 1989), we have carried out noise monitoring within Westports terminals covering Container Terminal, Conventional Terminal, warehouses and workshops as a preventive measure for occupational diseases caused by excessive exposure to noise. We engaged a consultant to conduct assessment on noise monitoring in April 2017. The assessment results showed that the noise exposure level of our terminal is within permissible limit.

- **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 526 tonnes of scheduled waste in 2017, compared to 255 tonnes in 2016.

We have invested RM250,000 in hydraulic recycle machine to recycle the used hydraulic oil. In 2017, we recycled 4.6 tonnes of used hydraulic oil compared with 6.56 tonne in 2016.

Marketplace

OUR STAKEHOLDERS

We place utmost importance in dealing with our stakeholders within the marketplace.

- **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 to engaging the community keep abreast with market developments.

  Quarterly meetings are conducted with Selangor Freight Forwarders and Logistics Association and Federation of Malaysian Freight Forwarders whereby updates on port developments are shared and feedback from the industry players is obtained to improve our processes and service delivery standards. We also engage with the Air Freight Association of Malaysia for that 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.

  Annual marketing roadshows are also held 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 Agencies**

  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**

In support of local business, it is preferable that purchases are made from local supplier. However, certain machineries such as the STS and RTG cranes need to be procured from overseas suppliers.

We have in place a transparent purchasing process which clearly documents procurement processes and requirements. For purchases which require a higher degree of specification, we engage a third party procurement company, which will manage such purchases on behalf of Westports via e-bidding.

In procuring goods and services from third parties, we place utmost importance in ensuring that no incidence of conflict of interest would take place. We do not tolerate any form of bribery payments or inducements by our business partners – should these be found to have been taken place, the Company shall take strict action against these way ward 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.

OUR CODE OF CONDUCT

We are guided by the Westports Code of Conduct, which sets out the principles and standards in carrying out our business operations. To further strengthen compliance to the Code of Conduct, we have in place a Whistle Blowing Policy, which provide a means of providing employees to report any concern on suspected and/or known misconduct which is not aligned to our Code of Conduct.

SUSTAINABILITY REPORTING

Westports Group's approach to sustainability during the financial year ended 31 December 2017 is outlines in greater detail in our standalone 2017 Sustainability report which is made available at our website: www.westportsholdings.com.

MOVING FORWARD

We will continue strengthening and broadening our commitment in all aspects of sustainability. In the process, we are committed to regularly reviewing the progress we have made, continuously improving our policies, systems and performance so as to enrich the lives of communities where we operate in.

Events

24th Annual General Meeting of Westports Holdings Berhad – April 2017

Launching of the New Terminal Operating System – September 2017

Tan Sri G Cup Football Final – August 2017

Westports National Sports Day Celebrations – November 2017

Port Innovation Project 2016/2017 Closing Ceremony – November 2017

Westports Fun Run – November 2017


MITSUI-PAÇECO
PORTAINER
S.W.L.
65 Ton UNDER SPREADER
75 Ton UNDER LIFTING BEAM
SAFETY FIRST
UTAMAKAN KESELAMATAN
QC56

Accountability

Corporate Governance Overview 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 Securities Berhad ("Bursa Listing Practice to Requirements"), this Corporate Governance Statement reports on how the Company has applied the Principles and Practice to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 ("**MCCG**") throughout the financial year ended 31 December 2017 ("**the Year**" or "**2017**") and up to the date of this Annual Report.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITY

Board's Role

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:

- Together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on management's proposals for the Group, and monitor its implementation by management;
- Supervise and assess management performance to determine whether the business is being properly managed;
- Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Ensure that Senior Management and Board has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management;
- Ensure that the Company has in place procedures to enable effective communication with its shareholders and other stakeholders;
- Ensure there is a sound framework for internal controls and risk management;
- Ensure the integrity of the Company's financial and non-financial reporting; and
- Monitor and review processes with aimed at ensuring the integrity of financial and other reporting.

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

- Conflict of interest issues relating to a substantial shareholder or a Director including related party transactions;
- Material acquisitions and disposals of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions as well as corporate exercises;
- Authority levels;

- Treasury policies;
- Yearly and quarterly financial results;
- Risk management policies; and
- Key human resources issues.

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

Separation of Chairman and GMD

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

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

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

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

Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries who 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.

Corporate Governance Overview Statement

Access to Information

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

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

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

Prior to every Board meeting, the Directors are furnished with an agenda and a set of meeting papers at least fourteen (14) days before the Board meeting in order for them to study and evaluate in advance the matters to be discussed. During 2017, Board papers were sent to all the Board members in advance 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 paper were sent
25 January 2017	10 February 2017	16
11 April 2017	27 April 2017	16
10 July 2017	20 July 2017	10
27 October 2017	10 November 2017	14

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

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

Board Charter

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

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, GMD, Independent Directors and Senior Independent Director;
g) Responsibilities of the Board committees;

h) Remuneration levels of Directors;
i) Board's responsibilities for accountability and audit;
j) General Meeting;
k) Investor Relations and Shareholder Communication; and
l) Other stakeholders.

In accordance with the 2017 Code, the Board has agreed that Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil, who is the Chairman of the Nomination, Remuneration and Corporate Governance Committee, be designated as the Board's Senior Independent Director. The Senior Independent Director, who acts as a sounding board for the Chairman of the Board, an intermediary for other Board members as well as acting as a point of contact for shareholders and other stakeholders where required.

The Board reviews its Board Charter periodically to keep abreast with new changes in regulations and best practices. The Board Charter is updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The last review was carried out in November 2017.

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. It also serves as an avenue for any Director to channel any suspected violations of the Code to the Chairman of the Audit and Risk Management Committee. 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 and Procedure (the "Policy") aims to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistleblowing reports are addressed to the Chairman of the Audit and Risk Management Committee (for matters relating to financial reporting, unethical or illegal conduct), or the GMD or Head of Human Resource Department (for employment-related concerns).

Corporate Governance Overview Statement

II. BOARD COMPOSITION

Westports is led by a capable and experienced Board. During the year, the Board comprised eleven (11) Directors, including the Executive Chairman, GMD, 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.

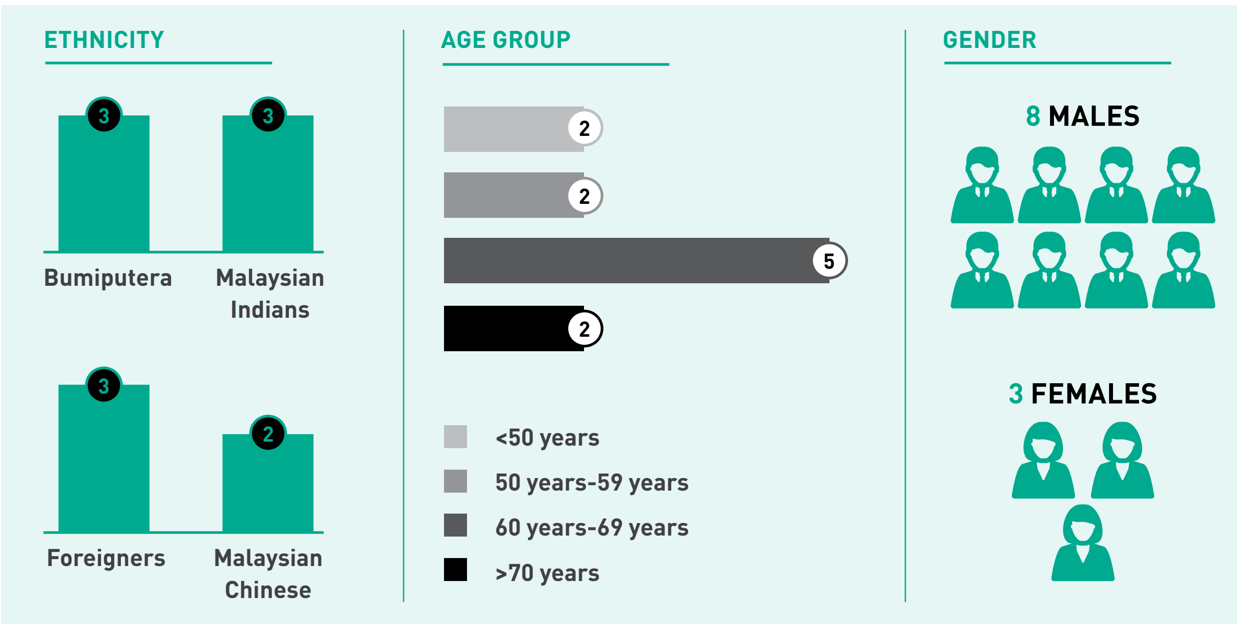
The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Bursa Listing Requirements whereby majority of the Board comprises of Independent Directors. The Independent Directors provide the Board with professional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

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

The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of port operations, marketing, finance, legal, information technology, 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. With three (3) female directors sitting on the Board, it reflect a 27.3% of female representation on the Board. The average female representation recorded by the Top 100 listed issuers on the Main Market of Bursa Malaysia Securities Berhad in 2016 is 14.6% and since the company female representation is above average, the company is of the opinion it has met gender diversity target.

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



Board Committees

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

a. Audit and Risk Management Committee

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

The ARMC Charter is published on the Company's website at www.westportsholdings.com.
More information on the ARMC and its activities for 2017 is contained on pages 111 to 114 of this Annual Report.

b. Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee ("**NRCGC**") comprises three (3) Independent Non-Executive Directors.

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

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

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

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

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

c. Reviewed 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 new Directors to the Board and members of Board Committees;

f. Reviewed the Board Evaluation Exercise process;

g. Conducted the annual Board and Board Committee Assessments in respect of 2017;

h. Reviewed the outcome of the Board Assessments;

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

j. Reviewed the training needs of the Directors;

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

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

m. Reviewed the impact of the updates to corporate governance and compliance to the Company; and

n. Reviewed and recommended amendments to the constitutions of the Westports Group for the Board and shareholders' approval respectively.

In 2017, 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.

Board Independence

The Executive Chairman, Tan Sri Datuk Gnanalingam who is not an Independent Director, is the founder of the Company and the Board considers it appropriate for him to hold the fort as Chairman based on his wealth of knowledge, deep appreciation of the operations of the Group and differentiated foresight as long as no one individual or group has unrestricted powers of decision. The Board has a strong presence of nine (9) Non-Executive Directors, whereby six (6) of its members are Independent Directors, in compliance with the 2017 Code. The strong presence of a majority of Independent Directors provides effective check and balance in the functioning of the Board.

The six (6) Independent Directors are not substantial shareholder's representatives nor employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment. They are tasked with ensuring there are checks and balances on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into 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.

Assessment of Independent Directors

The Board, through the NRCGC, undertakes the independence assessment of all its Independent Directors which was carried out as part of the Board Assessment annually. The NRCGC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors meet the independence criteria prescribed by the 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.

Directors' Retirement and Re-election

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

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

Whilst the written criteria were used as benchmarks for selection of candidates, the NRCGC continues to have regard to the benefits of diversity, including as to gender, ethnicity and age.

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 2017, the NRCGC undertook an assessment of Shanthi Kandiah and Chan Soo Chee before making recommendations to the Board for their re-election as Independent Non-Executive Directors of the Company.

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

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

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 Datuk Ruben Emir Gnanalingam Bin Abdullah, Dato' Yusli bin Mohamed Yusoff and Ruth Sin Ling Tsim who are due for retirement by rotation and the re-election of Shanti Kandiah and Chan Soo Chee pursuant to Article 106 and 113 of the Company's Constitution respectively at the forthcoming AGM and being eligible, they have offered themselves for re-election.

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

Corporate Governance Overview Statement

Fostering Commitment

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

The Board considers that there is no need for a formal protocol for Directors to accept new directorships at this point in time as the number of directorships a Director can hold is restricted by Paragraph 15.06 of the 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 2017. 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 2017.

Board Meetings

Name of Director	Number of Board Meetings	
	Held during tenure in office	Attended
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam *(Executive Chairman)*	4	4
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Independent Non-Executive Director)*	4	4
Tan Sri Ismail Bin Adam *(Independent Non-Executive Director)*	4	4
Ip Sing Chi *(Non-Independent Non-Executive Director)*	4	3
Ruth Sin Ling Tsim *(Non-Independent Non-Executive Director)*	4	4
Dato' Yusli Bin Mohamed Yusoff *(Independent Non-Executive Director)*	4	4
Datuk Ruben Emir Gnanalingam Bin Abdullah *(Group Managing Director)*	4	4
Chan Chu Wei *(Non-Independent Non-Executive Director)*	4	4
Kim, Young So *(Independent Non-Executive Director)*	4	4

Name of Director	Number of Board Meetings	
	Held during tenure in office	Attended
Shanthi Kandiah *(Independent Non-Executive Director) (appointed 1 August 2017)*	1	1
Dato' Abdul Rahim Bin Abu Bakar *(Independent Non-Executive Director) (retired 25 April 2017)*	1	0
Jeyakumar Palakrishnar *(Independent Non-Executive Director) (appointed and resigned on 13 March 2013 and 1 January 2018 respectively)*	4	4

Audit and Risk Management Committee Meetings

Name of Director	Number of Board Meetings	
	Held during tenure in office	Attended
Dato' Yusli Bin Mohamed Yusoff *(ARMC Chairman)*	6	6
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Independent Non-Executive Director)*	6	6
Jeyakumar Palakrishnar *(Independent Non-Executive Director)* *(appointed and resigned on 10 April 2017 and 1 January 2018 respectively)*	5	5
Dato' Abdul Rahim Bin Abu Bakar *(Independent Non-Executive Director)* *(retired as ARMC member on 25 April 2017)*	2	1
Chan Soo Chee (Independent Non-Executive Director) *(appointed on 1 January 2018)*	Not Applicable	Not Applicable
Chan Chu Wei (Non-Independent Non-Executive Director) *(appointed on 1 January 2018)*	Not Applicable	Not Applicable

Nomination, Remuneration and Corporate Governance Committee Meetings

Name of Director	Number of Board Meetings	
	Held during tenure in office	Attended
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(NRCGC Chairman)*	4	4
Dato' Yusli Bin Mohamed Yusoff *(Independent Non-Executive Director)* *(appointed and resigned on 13 March 2013 and 1 January 2018)*	4	4
Jeyakumar Palakrishnar *(Independent Non-Executive Director)* *(appointed and resigned on 13 March 2013 and 1 January 2018 respectively)*	4	4
Dato' Abdul Rahim Bin Abu Bakar *(Independent Non-Executive Director) (retired on 25 April 2017)*	1	1
Tan Sri Ismail Bin Adam *(Independent Non-Executive Director) (appointed on 1 January 2018)*	Not Applicable	Not Applicable
Shanthi Kandiah *(Independent Non-Executive Director) (appointed on 1 January 2018)*	Not Applicable	Not Applicable

Corporate Governance Overview Statement

Succession Planning

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

Training & Development of Directors

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

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

Shanthi Kandiah, who was appointed to the Board on 1 August 2017, completed the Mandatory Accreditation Programme ("MAP") accredited by Bursa Malaysia on 6 and 7 November 2017. All the other Board members, save and except for Chan Soo Chee who was appointed to the Board on 1 January 2018, have completed the MAP. Furthermore the Directors from time to time visited the port to familiarise and to have a thorough understanding and insights of the Group's operation.

During 2017, 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:

Date	Training/Seminar	Presenter/Organiser
February 2017	Embracing the Companies Act, 2016	Professor Dr Aiman Nariman Mohd Sulaiman / Westports Malaysia
	Roles & Responsibilities of Finance and Business Drivers	Westports Malaysia
April 2017	TOC Asia Conference & Exhibition	TOC Asia
	Cybersecurity in the Boardroom	Institute of Enterprise Risk Practitioners / YTL Corporation Berhad
	Audit Committee Institute (ACI) Breakfast Roundtable 2017	KPMG Malaysia
May 2017	Implementing The Companies Act 2016	Suruhanjaya Syarikat Malaysia (SSM)
August 2017	Current Issues in Corporate Governance	The ICLIF Leadership and Governance Centre
	Implementing The Companies Act 2016	Suruhanjaya Syarikat Malaysia (SSM)
September 2017	Companies Act 2016	Wong & Partners / BIMB Holdings Berhad
October 2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers (i) Corporate Disclosure Framework (ii) Directors Disclosure Obligations under the Listing Requirements	Bursa Malaysia
	Effective Oversight of IA Functions - Are Boards in Sync with Regulatory Expectations	Institute of Internal Auditors Malaysia
November 2017	Shipping and Port Industry Trend	Ocean Shipping Consultant / Westports Malaysia
December 2017	Corporate Governance Breakfast Series: Leading Change in the Brain	The ICLIF Leadership and Governance Centre / Bursa Malaysia
	Cyber Security Awareness Briefing	Cyber Intelligence Sdn Bhd / Westports Malaysia

Board Assessments

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

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

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

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

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

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

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

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

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

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

III. REMUNERATION

DIRECTORS' REMUNERATION

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

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

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

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. In evaluating the GMD'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 GMD is being paid on the subsidiary level 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.

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

	Particulars	Directors Fees & Allowance		Board Committee Fees	Salary	Bonus	BIK Note 15	Others Note 16	Total
Note	*All figures in thousands*	Group	Company	Company	Group	Group	Group	Group	
	Non Executive Directors								
1	Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil		123	190			9		322
2	Tan Sri Ismail Bin Adam		123						123
3	Ip Sing Chi	123	123						246
4	Ruth Sin Ling Tsim	124	124						248
5	Dato' Yusli Bin Mohamed Yusoff		123	190					313
6	Chan Soo Chee								-
7	Chan Chu Wei	123	123				4		250
8	Kim Young So		124						124
9	Shanthi Kandiah		51						51
10	John Stephen Ashworth	123							123
11	Dato' Abdul Rahim Bin Abu Bakar		40	85					125
12	Jeyakumar Palakrishnar		123	120					243
		493	**1,077**	**585**	**-**	**-**	**13**	**-**	**2,168**
	Executive Directors								
13	Tan Sri Datuk Gnanalingam A/L Gunanth Lingam	3	3		7,200	1,801	66	1,530	10,603
14	Datuk Ruben Emir Gnanalingam Bin Abdullah	3	3		1,944	568	62	427	3,007
		6	**6**	**-**	**9,144**	**2,369**	**128**	**1,957**	**13,610**
	Grand Total	**499**	**1,083**	**585**	**9,144**	**2,369**	**141**	**1,957**	**15,778**

Note - remuneration prorated up to Directors appointment, resignation or retirement

2 Appointed as member of the NRCGC on 1 January 2018.
3 Remuneration paid to South Port Investments Holdings Limited.
4 Remuneration paid to South Port Investments Holdings Limited.
5 Resigned as member of NRCGC on 1 January 2018.
6 Appointed as Independent Non-Executive Director and member of the ARMC on 1 January 2018.
7 Appointed as member of the ARMC on 1 January 2018.
9 Appointed as Independent Non-Executive Director on 1 August 2017 and member of the NRCGC on 1 January 2018.
10 Remuneration paid to South Port Investments Holdings Limited.
11 Retired as Independent Non-Executive Directors, member of the ARMC & NRCGC on 25 April 2017.
12 Resigned as Independent Non-Executive Director and member of the ARMC and NRCGC on 1 January 2018.
15 Benefits in kind refer to driver,car, and fuel, club membership, security services provided.
16 Others refer to employee provident funds paid.

The aggregate remuneration of the Company's Management Team in respective bands of RM50,000 for the financial year 2017 are as follows:-

Management Salary	No
250,000 - 300,000	1
300,000 - 350,000	1
350,000 - 400,000	1
400,000 - 450,000	1
500,000 - 550,000	1
TOTAL	**5**

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

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

Composition

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

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

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

More information on the ARMC and its activities for 2017 is contained on pages 111 to 114 of this Annual Report.

Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders and the Chairman's statement, GMD'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 are approved by the Board before being released to Bursa Malaysia.

Corporate Governance Overview Statement

Directors' Responsibility Statement in respect of the preparation of Annual Audited Statement

The Directors are required by the Companies Act, 2016, to state whether, in their opinion, the Group and Company's financial statements for the financial year are drawn up in accordance with approved accounting standards so as to provide a true and fair view of the Group and Company's financial position and performance for the financial year. Towards this, the Directors ensure that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Directors also ensure that applicable approved accounting standards have been followed and that proper accounting records are being kept so as to enable disclosure of the Group's and Company's financial position in compliance with laws and regulations.

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's Terms of Reference provides procedures to assess the suitability, objectivity and independence of the external auditor.

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

The present external auditor has served for 5 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 2017, 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 Board considers the declaration of independence, integrity and objectivity made by the external auditors in their Audit Report for 2017 as adequate to serve as an assurance from the external auditors on their independence and integrity throughout the conduct of their audit engagement.

II. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management and Internal Controls

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 oversight of the Group and Company's risk management framework and policies was also embedded in the ARMC terms of reference.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss. Further details of the Group and Company risk management and internal controls framework are as set out in the Statement on Risk Management and Internal Control on pages 107 to 110 of this Annual Report.

Internal Audit

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

Further details of Internal Audit are set out on page 112 of this Annual Report.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND STAKEHOLDER ENGAGEMENT

I. STAKEHOLDER COMMUNICATION

Timely and High Quality Disclosure

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

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

2017 Annual Report			
	Issued	**Requirement**	**Ahead**
2017 Annual Report	26 March 2018	30 April 2018	35 days
2017 Quarterly Results			
	Announced	**Requirement**	**Ahead**
First Quarter 2017	27 April 2017	31 May 2017	34 days
Second Quarter 2017	20 July 2017	31 August 2017	42 days
Third Quarter 2017	10 November 2017	30 November 2017	20 days
Fourth Quarter 2017	8 February 2018	28 February 2018	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 GMD have been appointed as the spokesperson to communicate with the audience and to respond accordingly to queries that may arise.

In disseminating the corporate information and disclosure, Westports has made use of a broad range of communication channels, which includes but is not limited to, the electronic facilities provided by Bursa 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 Overview Statement

Strengthening Relationship with Stakeholders

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

- the Company's Annual Report;
- various disclosures and announcements to Bursa 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.

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 communication (such as Notice of AGM, all announcements released by the Company to the Bursa Malaysia, and so forth). The Company's website continues to be developed and updated to ensure it remains a principal source of information on the Group and its activities. Details of the Company's engagement with investors are reported in the GMD's Statement and Management Discussion and Analysis on pages 36 to 38 of this Annual Report.

II. CONDUCT OF GENERAL MEETINGS

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 25 April 2017. A total of 623 headcount attended in person or by proxies or corporate representatives, representing 86.45% of the issued and paid-up share capital of the Company.

All our Directors and senior management were in attendance during the 2017 AGM, whereby shareholders had direct access to the Board during the AGM proceedings and to participate in the question-and-answer session on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Articles. The Executive Chairman, GMD, Board members in attendance and the external auditors, if so required, will endeavour to respond to shareholders' questions during the meeting.

Proper notices of AGM or any general meeting are at all times despatched to the shareholders at least 21 days prior to the meetings, unless otherwise required by law, in order to provide sufficient time for shareholders to understand and evaluate the subject matter. The Notice convening the 2017 AGM was issued to shareholders on 3 April 2017, which was 22 days prior to the AGM date. Each item of special business included in the notice of the meeting is accompanied by a full explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

During the 2017 AGM, in line with Bursa Listing Requirements, all resolutions were decided by poll voting. Leveraging on information technology or effective meeting procedures, an electronic poll voting system was put in place whereby all shareholders of the Company participated in the polling procedure. An independent scrutineer was appointed to validate the poll results. Voting results of the general meetings are also announced instantaneously to shareholders/proxies after each resolution is put to vote. The decision of each resolution put to poll as well as the name of the independent scrutineer were announced to Bursa on the same day as the AGM.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 8 March 2018.

Statement on Risk Management and Internal Control

INTRODUCTION

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

BOARD'S RESPONSIBILITY

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

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

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

RISK MANAGEMENT

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

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

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

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

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM

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

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

a. Organisational Structure

In providing direction and oversight, the Board is supported by its Board Committees, namely the ARMC and Nomination, Remuneration and Corporate Governance Committee ("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 of three Independent Non-Executive Directors and one Non-independent Non-Executive Director. 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.

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 as set out below. The ARMC convenes meetings at least once every quarter and has unrestricted access to the internal and external auditors and all employees of the Group. The Chairman of the ARMC provides the Board with reports on all meetings of the ARMC.

c. Internal Audit

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

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

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

Statement on Risk Management and Internal Control

d. Code of Conduct

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

e. Whistleblower Policy

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

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

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

f. Information Security Management System

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

g. Policies and Procedures

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

h. Management Committees

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

i. Limits of Authority

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

Statement on Risk Management and Internal Control

j. Business Continuity Plan

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

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report* of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board dated 8 March 2018.

Audit and Risk Management Committee Report

Persuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance 2017.

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

COMPOSITION AND MEETINGS

The ARMC currently comprises of four members, three are Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The past and present ARMC members comprise of the following:-

1. Dato' Yusli Bin Mohamed Yusoff (Chairman) (Independent Non-Executive Director)
2. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (Independent Non-Executive Director)
3. Chan Soo Chee (Independent Non-Executive Director) (appointed as member on 1 January 2018)
4. Chan Chu Wei (Non-Independent Non-Executive Director) (appointed as member on 1 January 2018)
5. Jeyakumar Palakrishnar (Independent Non-Executive Director) (appointed and resigned as member on 10 April 2017 and 1 January 2018 respectively)
6. Dato' Abdul Rahim Bin Abu Bakar (Independent Non-Executive Director) (retired as member on 25 April 2017)

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

A total of 6 ARMC meetings were held in 2017, and details of meeting attendance are as follows:-

Name of Director	Number of Board Meetings	
	Held during tenure in office	Attended
Dato' Yusli Bin Mohamed Yusoff *(ARMC Chairman)*	6	6
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Independent Non-Executive Director)*	6	6
Jeyakumar Palakrishnar *(Independent Non-Executive Director) (appointed and resigned as ARMC member on 10 April 2017 and 1 January 2018 respectively)*	5	5
Dato' Abdul Rahim Bin Abu Bakar *(Independent Non-Executive Director) (retired as ARMC member on 25 April 2017)*	2	1

THE ARMC CHARTER

The ARMC Charter can be found on the Company's website at www.westportsholdings.com.

Audit and Risk Management Committee Report

SUMMARY OF THE ARMC ACTIVITIES

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

The principal activities undertaken by the ARMC during the financial year 2017 and up to the date of this report are as follows:

a) Risk Management and Internal Control

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

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

b) Financial Reporting

- Reviewed the 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:

  i) new accounting standards applicable during the financial year 2017;
  ii) revenue recognition;
  iii) adequacy of impairment for property, plant and equipment and concession assets;
  iv) adequacy of impairment loss made on receivables; and
  v) adequacy of accruals on expenses.

- Reviewed significant related party transactions as reported in the quarterly financial results to ensure compliance with Bursa 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 2017 and 2018.
- 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 2017, 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

d) External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year 2017 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 2017;
- 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 2017 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 2018.
- Reviewed the Solvency Test prior to recommending the declaration of the interim single tier dividends paid out to the Company's shareholders for the financial year ended 2017 to the Board for approval, having been satisfied that the Company will remain solvent after the distribution is made, pursuant to the Companies Act 2016.
- Reviewed the performance of the Company and its Group
- Reviewed the amendments to the Business Continuity Plan

EXTERNAL AUDIT FUNCTIONS

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

Throughout the year, the ARMC had two meetings with KPMG PLT. The ARMC is pleased to report that there was no significant matter of disagreement that arose between the external auditors and Management. During the year, the external auditors provided both audit and non-audit related services as follows:-

	Audit Related Fees RM '000	Non-Audit Related Fees RM '000
Company	55	NIL
Group	295	43

INTERNAL AUDIT FUNCTION

The Group has established an in-house Internal Audit Department ("IAD") that functionally reports directly to the ARMC and administratively to the GMD. IAD comprises of five internal auditors, which clocked in 6,806 man hours for internal audit and risk management activities carried out in 2017. IAD is currently led by Chee Yen Lee, who has been with Westports Group for 17 years. She is a chartered accountant by profession and is a member of both the Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountant since 1995. Costs amounting to RM397,128 were incurred in relation to the Internal Audit function for the financial year 2017.

Audit and Risk Management Committee Report

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

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

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

The key activities carried out by IAD for the financial year 2017 were as follows:-

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

The ARMC remains satisfied:-

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

This statement is made in accordance with a resolution of the Board dated 8 March 2018.

Financial Statements

Directors' Report

for the year ended 31 December 2017

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 2017.

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.

SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	651,511	446,542

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 amount of dividends paid by the Company were as follows:

i) a second interim ordinary dividend of 6.70 sen per ordinary share totalling to RM228,470,000 in respect of the financial year ended 31 December 2016 on 8 March 2017; and

ii) a first interim ordinary dividend of 6.37 sen per ordinary share totalling to RM217,285,000 in respect of the financial year ended 31 December 2017 on 15 August 2017.

Subsequent to the financial year end, on 8 February 2018 the Directors declared a second interim ordinary dividend of 7.95 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2017.

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

DIRECTORS OF THE COMPANY

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

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Dato' Yusli bin Mohamed Yusoff
Datuk Ruben Emir Gnanalingam bin Abdullah
Chan Chu Wei
Ip Sing Chi
Kim, Young So
Tan Sri Ismail Bin Adam
Ruth Sin Ling Tsim
Shanthi A/P Kandiah (appointed on 1 August 2017)
Chan Soo Chee (appointed on 1 January 2018)
John Stephen Ashworth (Alternate Diretor to Ip Sing Chi and resigned as Alternate Director to Ruth Sin Ling Tsim on 31 December 2017)
Dato' Abdul Rahim bin Abu Bakar (retired on 25 April 2017)
Jeyakumar Palakrishnar (resigned on 1 January 2018)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Shareholdings in which Directors have direct interests				
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	200,000	-	(100,000)	100,000
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	-	-	210,000
Chan Chu Wei	920,000	-	-	920,000
Jeyakumar Palakrishnar	200,000	-	(40,000)	160,000

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
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	1,113,000	(13,000)	1,446,461,500
Others:				
- Semakin Ajaib Sdn. Bhd. @	105,638,500	-	-	105,638,500
Datuk Ruben Emir Gnanalingam bin Abdullah				
Own:				
- Pembinaan Redzai Sdn. Bhd. *	1,445,361,500	1,113,000	(13,000)	1,446,461,500
- Semakin Ajaib Sdn. Bhd. #	105,638,500	-	-	105,638,500

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

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

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

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

None of the other Directors holding office at 31 December 2017 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as 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 32 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

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

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.

Directors' Report

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Yusli bin Mohamed Yusoff
Director

....

Datuk Ruben Emir Gnanalingam bin Abdullah
Director

Kuala Lumpur

Date: 8 February 2018

Statements of Financial Position

as at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current assets					
Property, plant and equipment	4	1,828,931	1,515,397	-	-
Concession assets	5	2,374,350	2,074,114	-	-
Investments in subsidiary	6	-	-	1,030,130	1,030,130
Total non-current assets		4,203,281	3,589,511	1,030,130	1,030,130
Current assets					
Inventories	7	11,318	-	-	-
Tax receivable		3,244	-	-	-
Trade and other receivables	8	305,831	339,056	5	5
Cash and cash equivalents	9	560,305	420,510	15,956	15,195
Total current assets		880,698	759,566	15,961	15,200
Total assets		5,083,979	4,349,077	1,046,091	1,045,330
Equity					
Share capital	10	1,038,000	341,000	1,038,000	341,000
Share premium	10	-	697,000	-	697,000
Reserves	10	1,236,681	1,030,925	8,006	7,219
Total equity		2,274,681	2,068,925	1,046,006	1,045,219
Non-current liabilities					
Borrowings	11	1,500,000	1,150,000	-	-
Trade and other payables	12	44,476	-	-	-
Employee benefits	13	9,559	9,037	-	-
Deferred tax liabilities	14	300,774	308,142	-	-
Service concession obligation	15	304,150	337,341	-	-
Total non-current liabilities		2,158,959	1,804,520	-	-
Current liabilities					
Trade and other payables	12	376,555	269,937	62	70
Provisions	16	240,593	165,030	-	-
Tax payable		-	9,130	23	41
Service concession obligation	15	33,191	31,535	-	-
Total current liabilities		650,339	475,632	85	111
Total liabilities		2,809,298	2,280,152	85	111
Total equity and liabilities		5,083,979	4,349,077	1,046,091	1,045,330

The notes on pages 127 to 168 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	17	2,088,608	2,035,015	448,465	431,766
Cost of sales	18	(1,162,628)	(1,043,726)	-	-
Gross profit		925,980	991,289	448,465	431,766
Other income		26,688	32,755	-	20,384
Administrative expenses		(27,254)	(36,261)	(2,356)	(2,463)
Other expenses		(180,753)	(168,799)	-	-
Results from operating activities		744,661	818,984	446,109	449,687
Finance income	19	11,898	13,213	580	964
Finance costs	20	(79,677)	(77,378)	-	(263)
Profit before tax	21	676,882	754,819	446,689	450,388
Tax expense	22	(25,371)	(117,838)	(147)	(241)
Profit for the year		651,511	636,981	446,542	450,147
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)
Total comprehensive income attributable to the owners of the Company		651,511	616,832	446,542	429,998
Basic earnings per ordinary share (sen)	23	19.11	18.68		

The notes on pages 127 to 168 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2017

		Attributable to owners of the Company					
		Non-distributable				Distributable	
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
At 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/ 1 January 2017		341,000	697,000	-	(47,732)	1,078,657	2,068,925
Profit/Total comprehensive income for the year		-	-	-	-	651,511	651,511
Distributions to owners of the Company							
- Dividends	24	-	-	-	-	(445,755)	(445,755)
Total transactions with owners of the Company		-	-	-	-	(445,755)	(445,755)
Transfer in accordance with Section 618(2) of the Companies Act 2016		697,000	(697,000)	-	-	-	-
At 31 December 2017		1,038,000	-	-	(47,732)	1,284,413	2,274,681

Statements of Changes in Equity

for the year ended 31 December 2017

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 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/ 1 January 2017		341,000	697,000	-	7,219	1,045,219
Profit/Total comprehensive income for the year		-	-	-	446,542	446,542
Distributions to owners of the Company						
- Dividends	24	-	-	-	(445,755)	(445,755)
Total transactions with owners of the Company		-	-	-	(445,755)	(445,755)
Transfer in accordance with Section 618(2) of the Companies Act 2016		697,000	(697,000)	-	-	-
At 31 December 2017		1,038,000	-	-	8,006	1,046,006

The notes on pages 127 to 168 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2017

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities				
Profit before tax	676,882	754,819	446,689	450,388
Adjustments for:				
Amortisation of concession assets	71,136	64,503	-	-
Dredging expenditure	785	3,141	-	-
Depreciation of property, plant and equipment	113,911	100,440	-	-
Dividend income	-	-	(448,465)	(431,766)
Gain on disposal of property, plant and equipment	(1,038)	(421)	-	-
Gain on disposal of investment in quoted shares	-	(20,384)	-	(20,384)
Property, plant and equipment written off	1,186	13,732	-	-
Concession assets written off	1,355	-	-	-
Finance costs - accretion of service concession obligation	19,366	20,939	-	-
Finance costs - borrowings	60,311	56,439	-	263
Finance income	(11,898)	(13,213)	(580)	(964)
Provision for/(Release of) retirement benefits	527	(1,100)	-	-
Reversal of Impairment loss on trade receivables	(8,317)	-	-	-
Impairment loss on trade receivables	2,211	9,271	-	-
Operating profit/(loss) before working capital changes	926,417	988,166	(2,356)	(2,463)
Changes in working capital:				
Trade and other receivables	38,545	(111,286)	-	4
Trade and other payables	147,557	120,485	(8)	(62)
Inventories	(987)	-	-	-
Provisions	75,563	69,016	-	-
Cash generated from/(used in) operations	1,187,095	1,066,381	(2,364)	(2,521)
Income tax paid	(45,114)	(127,548)	(165)	(200)
Interest paid	(56,772)	(56,285)	-	(263)
Retirement benefits paid	(5)	(165)	-	-
Net cash generated from/(used in) operating activities	1,085,204	882,383	(2,529)	(2,984)
Cash flows from investing activities				
Interest received	11,898	13,213	580	964
Dividend received	-	-	448,465	431,766
Proceeds from disposal of property, plant and equipment	1,334	653	-	-
Purchase of property, plant and equipment	(439,258)	(260,028)	-	-
Additions to concession assets	(372,727)	(230,465)	-	-
Purchase of spares, net	-	(490)	-	-
Proceeds received from Government of Malaysia	-	12,600	-	-
Proceeds from disposal of investment in quoted shares	-	103,400	-	103,400
Net cash (used in)/generated from investing activities	(798,753)	(361,117)	449,045	536,130
Cash flows from financing activities				
Fixed deposits pledged for borrowings	(3,458)	(1,157)	-	-
Repayment to a subsidiary	-	-	-	(73,254)
Dividends paid to shareholders	(445,755)	(446,028)	(445,755)	(446,028)
Proceeds from Sukuk MTN	350,000	-	-	-
Proceeds from revolving credit facility	200,000	-	-	-
Repayment of revolving credit facility	(200,000)	-	-	-
Annual lease paid for use of port infrastructures and facilities	(50,901)	(50,901)	-	-
Net cash used in financing activities	(150,114)	(498,086)	(445,755)	(519,282)

Statements of Cash Flows

for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Net increase in cash and cash equivalents		136,337	23,180	761	13,864
Cash and cash equivalents at 1 January		387,907	364,727	15,195	1,331
Cash and cash equivalents at 31 December	(i)	524,244	387,907	15,956	15,195

(i) Cash and cash equivalents

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

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	9	435,181	170,685	1,729	1,160
Fixed deposits with licensed banks	9	125,124	249,825	14,227	14,035
		560,305	420,510	15,956	15,195
Less: Pledged deposits	9	(36,061)	(32,603)	-	-
		524,244	387,907	15,956	15,195

(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of borrowings in the statements of cash flows is as follows:

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

In accordance with the transitional provision of Disclosure Initiative (*Amendment to MFRS 107*) for the reconciliation of movement of liabilities to cash flows arising from financing activities, comparative information is not required for preceding periods.

The notes on pages 127 to 168 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 2017 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 2018.

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 2016 in Malaysia.

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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019
- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 above mentioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2018 for those amendments that are effective for annual periods beginning on or after 1 January 2018;

- from the annual period beginning on 1 January 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019; and

- from the annual period beginning on 1 January 2021 for the accounting standard and interpretation that are effective for annual periods beginning on or after 1 January 2021.

The initial application of the 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 15, Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

Upon adoption of MFRS 15, the Group will continue to recognise revenue from contracts with customers (excluding construction revenue, rental revenue and dividend income) on the basis upon performance of services.

The initial application of MFRS 15 is expected to reduce gross revenue as certain expenses will be deducted from revenue as a result of reclassification and timing differences in recognition. The Group does not expect any other material financial impact to the current and prior period financial statements of the Group.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) 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.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The initial application of MFRS 9 is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(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.

(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 and Note 31 - Contingent liabilities.

Notes to the Financial Statements

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(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(j)(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.

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.

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

(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.

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 is 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)).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Concession assets (continued)

(i) Recognition and measurement (continued)

(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 or the Company 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 in the statement of financial position.

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

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out ("FIFO") method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) 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.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

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.

(k) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (continued)

(iii) Defined benefit plan (continued)

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.

(l) 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.

(m) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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 incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Fair value measurements (continued)

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.

3. SERVICE CONCESSION ARRANGEMENT

On 25 July 1994, a subsidiary of the Group, Westports Malaysia Sdn. Bhd. ("WMSB") entered into a privatisation agreement with Port Klang Authority ("PKA") and Government of Malaysia ("GOM") (collectively, PKA and GOM are known as the "Grantor"). The agreement ("Privatisation Agreement") provides the subsidiary with the licence to operate the port and to lease the said port property. Under the terms of the agreement, the subsidiary will operate the port for a period of 30 years, commencing from 1 September 1994 ("Take-over Date").

The 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.

3. SERVICE CONCESSION ARRANGEMENT (CONTINUED)

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 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/ 1 January 2017	2,227,006	18,919	39,111	113,777	10,331	2,409,144
Additions	-	-	-	447,951	-	447,951
Disposals	(37,165)	(1,698)	(90)	-	-	(38,953)
Write off	(4,400)	-	(4,388)	-	-	(8,788)
Reclassification to concession assets	-	-	-	(10,924)	-	(10,924)
Reclassification to inventories	-	-	-	-	(10,331)	(10,331)
Borrowing costs capitalised	-	-	-	2,231	-	2,231
Transfers	537,930	481	2,910	(541,321)	-	-
At 31 December 2017	2,723,371	17,702	37,543	11,714	-	2,790,330
Accumulated depreciation						
At 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/ 1 January 2017	853,133	9,733	30,881	-	-	893,747
Charge for the year	108,456	2,166	3,289	-	-	113,911
Disposals	(36,896)	(1,678)	(83)	-	-	(38,657)
Write off	(3,215)	-	(4,387)	-	-	(7,602)
At 31 December 2017	921,478	10,221	29,700	-	-	961,399
Carrying amounts						
At 1 January 2016	1,259,810	8,262	10,305	81,065	9,841	1,369,283
At 31 December 2016/ 1 January 2017	1,373,873	9,186	8,230	113,777	10,331	1,515,397
At 31 December 2017	1,801,893	7,481	7,843	11,714	-	1,828,931

During the year, borrowing costs were capitalised to property, plant and equipment amounting to RM2,231,000 (2016: Nil) with interest rate at 4.14% (2016: Nil) per annum.

During the year, the spares were transferred to inventories in view that the spares were generally not used for more than one year and did not meet the definition of property, plant and equipment.

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 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 2016/1 January 2017	552,383	1,963,199	117,404	2,632,986
Additions	-	-	361,243	361,243
Write off	-	(1,879)	-	(1,879)
Borrowing costs capitalised	-	-	560	560
Reclassification from property, plant and equipment	-	-	10,924	10,924
Transfers	-	490,131	(490,131)	-
At 31 December 2017	552,383	2,451,451	-	3,003,834
Accumulated amortisation				
At 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 2016/1 January 2017	145,511	413,361	-	558,872
Amortisation for the year	18,188	52,948	-	71,136
Write off	-	(524)	-	(524)
At 31 December 2017	163,699	465,785	-	629,484
Carrying amounts				
At 1 January 2016	425,061	1,391,657	104,034	1,920,752
At 31 December 2016/1 January 2017	406,872	1,549,838	117,404	2,074,114
At 31 December 2017	388,684	1,985,666	-	2,374,350

During the year, borrowing costs were capitalised to concession assets amounting to RM560,000 (2016: Nil) with interest rate at 4.14% (2016: Nil) per annum.

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARY

	Company 2017 RM'000	Company 2016 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 2017 %	Effective ownership interest 2016 %
Westports Malaysia Sdn. Bhd.	6.1	Port development and management of port operations	100	100

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.

7. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
Spares	11,318	-
Recognised in profit or loss:		
Inventories recognised as cost of sales	98,321	-

Notes to the Financial Statements

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade receivables		247,811	271,309	-	-
Non-trade					
Other receivables	8.1	54,035	63,362	-	-
Deposits		845	815	5	5
Prepayments		3,140	3,570	-	-
		58,020	67,747	5	5
		305,831	339,056	5	5

8.1 Included in other receivables are advance payment for construction work amounting to Nil (2016: RM25,940,000), input GST recoverable of RM40,106,000 (2016: RM18,231,000), and investments in club memberships amounting to RM1,850,000 (2016: RM1,850,000).

9. CASH AND CASH EQUIVALENTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and bank balances	435,181	170,685	1,729	1,160
Fixed deposits with licensed banks	125,124	249,825	14,227	14,035
	560,305	420,510	15,956	15,195

Fixed deposits with licensed banks include pledged deposits of RM36,061,000 (2016: RM32,603,000) as securities for Sukuk Musharakah Medium Term Note programmes of the subsidiary (Note 11).

10. SHARE CAPITAL AND RESERVES

	Group and Company 2017 Amount RM'000	2017 Number of shares '000	2016 Amount RM'000	2016 Number of shares '000
Issued and fully paid:				
Ordinary shares				
At 1 January	341,000	3,410,000	341,000	3,410,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	697,000	-	-	-
At 31 December	1,038,000	3,410,000	341,000	3,410,000

10. SHARE CAPITAL AND RESERVES (CONTINUED)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

The Companies Act 2016, which came into effect on 31 January 2017, has abolished the concept of authorised share capital and par value of share capital.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital. The Company has 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit.

Included in share capital is share premium amounting to RM697,000,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of the Companies Act 2016).

Goodwill written-off reserve

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

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.

11. BORROWINGS

		Group	
	Note	2017 RM'000	2016 RM'000
Non-current			
Sukuk Musharakah Medium Term Note	11.1	1,500,000	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.

11. BORROWINGS (CONTINUED)

Note 11.1 (continued)

On 7 August 2017, an additional RM200 million of SMTN was drawndown and is repayable in 2 tranches from 7 August 2019 to 7 August 2020. The profit rates ranges from 4.15% to 4.22% per annum.

On 13 December 2017, an additional RM150 million of SMTN was drawndown and is repayable in 3 tranches from 13 December 2021 to 13 December 2027. The profit rates ranges from 4.53% to 4.90% per annum.

SMTN has been implemented on a clean basis and certain pledged deposits are maintained in the Finance Service Reserve Account with the lender as disclosed in Note 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 June 2017.

12. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current					
Non-trade					
Other payables	12.1	44,476	-	-	-
		44,476	-	-	-
Current					
Trade					
Trade payables	12.2	114,081	127,560	-	-
Accrued expenses		36,990	27,755	-	-
Deferred revenue		9,645	9,505	-	-
		160,716	164,820	-	-
Non-trade					
Other payables	12.1	205,366	91,677	62	70
Accrued expenses	12.3	10,473	13,440	-	-
		376,555	269,937	62	70
		421,031	269,937	62	70

12. TRADE AND OTHER PAYABLES (CONTINUED)

12.1 Included in other payables are non-current and current balances due to a supplier for the purchases of property, plant and equipment which are payables not later than two years from the original payment due dates.

12.2 Included in trade payables are balances due to related parties amounting to RM37,000 (2016 : RM28,000) which are unsecured, interest free and repayable on demand.

12.3 Included in non-trade accrued expenses of the Group is profit sharing expenses payable to the port authority amounting to RM10,199,000 (2016: RM11,267,000).

13. EMPLOYEE BENEFITS

	Group	
	2017 RM'000	2016 RM'000
Present value of unfunded obligations		
Provision for retirement benefits	9,559	9,037

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	
	2017	2016
Discount rate	5.75%	5.75%
Expected annual salary increment rate	7%	7%

Movements in the present value of defined benefit obligations:

	Group	
	2017 RM'000	2016 RM'000
Defined benefit obligations at 1 January	9,037	10,302
Expenses recognised in profit or loss	527	(1,100)
Retirement benefits paid	(5)	(165)
Defined benefit obligations at 31 December	9,559	9,037

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.

14. DEFERRED TAX LIABILITIES

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

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax liabilities	412,349	339,386
Deferred tax assets	(111,575)	(31,244)
	300,774	308,142

Movement in deferred tax assets and liabilities (prior to offsetting of balances) of the Group during the year are as follows:

Group	At 1.1.2016 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2016/ 1.1.2017 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2017 RM'000
Property plant and equipment and concession assets	(307,477)	(31,721)	(339,198)	(73,151)	(412,349)
Provisions	19,935	11,309	31,244	11,948	43,192
Unabsorbed investment tax allowance	-	-	-	68,383	68,383
Others	(933)	745	(188)	188	-
	(288,475)	(19,667)	(308,142)	7,368	(300,774)

Deferred tax liabilities and assets above are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and that the deferred taxes relate to the same taxation authority and entity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The deductible temporary differences do not expire under the current tax legislation.

15. SERVICE CONCESSION OBLIGATION

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	368,876	398,838
Finance costs	19,366	20,939
Payment of lease rental	(50,901)	(50,901)
At 31 December	337,341	368,876

15. SERVICE CONCESSION OBLIGATION (CONTINUED)

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

Group	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000
Less than one year	50,901	(17,710)	33,191	50,901	(19,366)	31,535
Between one and five years	299,082	(55,920)	243,162	288,952	(67,544)	221,408
More than five years	64,190	(3,202)	60,988	125,221	(9,288)	115,933
	414,173	(76,832)	337,341	465,074	(96,198)	368,876

16. PROVISIONS

Included in provisions are payables to various external parties relating to marketing activities and provision for Bills of Demand from the Royal Malaysian Customs Department (see Note 31). The movements in the provisions during the reporting year were as follows:

	Group RM'000
At 1 January 2016	96,014
Provisions made	248,669
Payments made	(179,653)
At 31 December 2016/1 January 2017	165,030
Provisions made	361,840
Payments made	(286,277)
At 31 December 2017	240,593

17. REVENUE

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Port operations		1,674,336	1,767,091	-	-
Rental income					
- land and buildings		41,545	37,245	-	-
Construction revenue	17.1	372,727	230,679	-	-
Dividend income		-	-	448,465	431,766
		2,088,608	2,035,015	448,465	431,766

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(o)(ii).

Notes to the Financial Statements

18. COST OF SALES

	Group 2017 RM'000	Group 2016 RM'000
Port operations	789,901	813,047
Construction cost	372,727	230,679
	1,162,628	1,043,726

19. FINANCE INCOME

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
Fixed deposits interest	11,740	12,747	580	964
Staff loan interest	1	20	-	-
Other interest	157	446	-	-
	11,898	13,213	580	964

20. FINANCE COSTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Borrowings - SMTN	59,824	56,439	-	-
Accretion - service concession obligation	19,366	20,939	-	-
Other interest expenses	487	-	-	263
	79,677	77,378	-	263

Notes to the Financial Statements

21. PROFIT BEFORE TAX

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- Statutory audit fees	295	275	55	55
- Non-audit fees	43	35	-	-
Depreciation of property, plant and equipment	113,911	100,440	-	-
Amortisation of concession assets	71,136	64,503	-	-
Dredging expenditure	785	3,141	-	-
Property, plant and equipment written off	1,186	13,732	-	-
Concession assets written off	1,355	-	-	-
Impairment loss on trade receivables	2,211	9,271	-	-
Personnel expenses (including key management personnel):				
- Provision for retirement benefits	527	-	-	-
- Defined contribution plan	28,236	28,711	-	-
- Wages, salaries and bonus	197,001	203,305	-	-
- Other employee benefits	2,452	2,312	-	-
Rental expense in respect of:				
- Premises	326	235	-	-
- Equipment	36,402	39,915	-	-
Profit sharing with PKA	10,272	11,322	-	-
Net realised foreign exchange loss	4	691	-	-
and after crediting:				
Dividend income				
- Subsidiary	-	-	448,465	431,766
Reversal of impairment loss on trade receivables	8,317	-	-	-
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	1,038	421	-	-

22. TAX EXPENSE

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Recognised in profit or loss				
Current tax expense				
- Current	33,879	104,452	148	232
- (Over)/Under provision in prior years	(1,140)	(6,281)	(1)	9
	32,739	98,171	147	241
Deferred tax expense				
- Origination of temporary differences	(5,400)	16,804	-	-
- (Over)/Under provision in prior years	(1,968)	2,863	-	-
	(7,368)	19,667	-	-
	25,371	117,838	147	241

22. TAX EXPENSE (CONTINUED)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Reconciliation of tax expense					
Profit before tax		676,882	754,819	446,689	450,388
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)		162,452	181,157	107,205	108,093
Non-deductible expenses		8,734	3,260	574	655
Non-taxable income		-	(4,892)	(107,631)	(108,516)
Tax incentive	22.1	(142,707)	(58,269)	-	-
		28,479	121,256	148	232
(Over)/Under provision in prior years					
- Current tax		(1,140)	(6,281)	(1)	9
- Deferred tax		(1,968)	2,863	-	-
		25,371	117,838	147	241

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.

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 RM651,511,000 (2016: RM636,981,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,410,000,000 (2016: 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.

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Amount RM'000	Date of payment
2017			
Second interim 2016 ordinary	6.70	228,470	8 March 2017
First interim 2017 ordinary	6.37	217,285	15 August 2017
		445,755	
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	

Subsequent to the financial year end, on 8 February 2018 the Directors declared a second interim ordinary dividend of 7.95 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2017.

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.

25. OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure
Segment capital expenditure information is the total cost incurred during the financial year to acquire and construct property, plant and equipment and concession assets.

Information about reportable segment

	Port development and management of port operations	
	2017 RM'000	2016 RM'000
Reportable segment profit	747,017	801,063
Included in the measure of segment profit are:		
Revenue - external customers	1,715,881	1,804,336
- construction services for GOM	372,727	230,679
Depreciation	(113,911)	(100,440)
Amortisation	(71,136)	(64,503)
Property, plant and equipment written off	(1,186)	(13,732)
Concession assets written off	(1,355)	-
Impairment loss on trade receivables	(2,211)	(9,271)
Reversal of impairment loss on trade receivables	8,317	-
Gain on disposal of property, plant and equipment	1,038	421

Reconciliation of reportable segment profit and revenue

	Port development and management of port operations	
	2017 RM'000	2016 RM'000
Profit		
Reportable segment	747,017	801,063
Non-reportable segment	(2,356)	17,921
Finance income	11,898	13,213
Finance costs	(79,677)	(77,378)
Consolidated profit before tax	676,882	754,819
Revenue		
Reportable segment	2,088,608	2,035,015
Non-reportable segment	-	-
Consolidated revenue	2,088,608	2,035,015

Geographical information
The revenue of the Group are from its sole port operations in Malaysia.

All non-current assets of the Group were maintained within Malaysia as at the end of the current and previous financial year.

Major customers
Revenue from a customer of the Group amounted to RM263,896,000 (2016: RM333,460,000) contributed 13% (2016: 16%) of the Group's revenue.

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")*; and,
(b) Financial liabilities measured at amortised cost ("FL")^.

	Carrying amount RM'000	L&R/ (FL) RM'000
Group		
2017		
Financial assets		
Trade and other receivables *	260,735	260,735
Cash and cash equivalents	560,305	560,305
	821,040	821,040
Financial liabilities		
Borrowings	(1,500,000)	(1,500,000)
Trade and other payables ^	(411,386)	(411,386)
Service concession obligation	(337,341)	(337,341)
	(2,248,727)	(2,248,727)
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)

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000
Company		
2017		
Financial assets		
Trade and other receivables	5	5
Cash and cash equivalents	15,956	15,956
	15,961	15,961
Financial liabilities		
Trade and other payables	(62)	(62)
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)

* Excludes investments in club membership, prepayments, and input tax recoverable.
^ Excludes deferred revenue.

26.2 Net gains and losses arising from financial instruments

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Net gains/(losses) on:				
Loans and receivables:				
- allowances for impairment losses - trade	(2,211)	(9,271)	-	-
- fixed deposits interests	11,740	12,747	581	964
- staff loan interests	1	20	-	-
- reversal of impairment loss on trade receivables	8,317	-	-	-
	17,847	3,496	581	964
Financial liabilities measured at amortised cost:				
- borrowings - SMTN	(59,824)	(56,439)	-	-
- interest expenses -capitalised in property, plant and equipment and concession assets	(2,791)	-	-	-
- accretion - service concession obligation	(19,366)	(20,939)	-	-
- other interest expenses	(487)	-	-	-
- intercompany advances	-	-	-	(263)
	(82,468)	(77,378)	-	(263)
	(64,621)	(73,882)	581	701

26. FINANCIAL INSTRUMENTS (CONTINUED)

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 and cash and cash equivalents.

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 (2016: 5) main customers, representing approximately 38% (2016: 47%) of the Group's trade receivables.

The Group obtains financial guarantees from certain customers in managing its exposures to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM47.3 million (2016: RM45.3 million) from trade receivables.

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				
2017				
Not past due	157,051	-	-	157,051
Past due 1 - 30 days	67,653	-	-	67,653
Past due 31 - 120 days	21,116	-	-	21,116
Past due more than 120 days	5,495	(3,504)	-	1,991
	251,315	(3,504)	-	247,811
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

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 January	9,610	728
Impairment loss recognised	2,211	9,271
Impairment loss written off	-	(389)
Reversal of impairment loss	(8,317)	-
At 31 December	3,504	9,610

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

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.

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							
2017							
Non-derivative financial liabilities							
Borrowings	1,500,000	4.43% - 5.38%	1,967,269	71,660	170,000	602,476	1,123,133
Trade and other payables (current)	366,910	-	366,910	366,910	-	-	-
Other payables (non-current)	44,476	4.25%	47,613	-	46,040	1,573	-
Service concession obligation	337,341	5.25%	414,173	50,901	59,007	179,044	125,221
Bank guarantees	-	-	18,433	17,403	1,030	-	-
	2,248,727		2,814,398	506,874	276,077	783,093	1,248,354

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
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
Bank guarantees	-	-	7,590	7,590	-	-	-
	1,779,308		2,344,374	375,208	107,186	442,520	1,419,460
Company							
2017							
Non-derivative financial liabilities							
Other payables	62	-	62	62	-	-	-
2016							
Non-derivative financial liabilities							
Other payables	70	-	70	70	-	-	-

26.6 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

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.

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. FINANCIAL INSTRUMENTS (CONTINUED)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Fixed deposits with licensed banks	125,124	249,825	14,227	14,035
Borrowings	(1,500,000)	(1,150,000)	-	-
Service concession obligation	(337,341)	(368,876)	-	-

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.

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 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 not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group					
2017					
Financial liabilities					
Other payables	-	-	44,476	44,476	44,476
Borrowings	-	-	1,484,910	1,484,910	1,500,000
Service concession obligation	-	-	276,868	276,868	337,341

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 Fair value information (continued)

	Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group					
2016					
Financial liabilities					
Borrowings	-	-	1,130,557	1,130,557	1,150,000
Service concession obligation	-	-	307,635	307,635	368,876

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.

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 (2016: no transfer in either directions).

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 4.26%-4.86% (2016: 4.63%-4.99%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)
Other payables	Discounted cash flows	Interest rate of 4.25% (2016: Nil) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)
Service concession obligation	Discounted cash flows	Interest rate of 4.76% (2016: 4.83%) per annum	The estimated fair value would increase/(decrease) if the discount rate is lower/(higher)

Notes to the Financial Statements

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	
	2017	**2016**
	RM'000	**RM'000**
Total borrowings	1,500,000	1,150,000
Less: Cash and cash equivalents	(560,305)	(420,510)
Net debt	939,695	729,490
Total equity	2,274,681	2,068,925
Debt-to-equity ratio	0.41	0.35

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

28. CAPITAL COMMITMENTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
Authorised and contracted for	59,994	764,435
Authorised but not contracted for	5,554	99,830

29. LONG TERM INFORMATION TECHNOLOGY SERVICES AGREEMENT

Non-cancellable long term information technology services agreement are payable as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Less than one year	32,716	27,175
Between one and five years	68,125	77,796
	100,841	104,971

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	
	2017 RM'000	2016 RM'000
Less than one year	31,700	30,957
Between one and five years	136,226	142,922
More than five years	59,086	100,737
	227,012	274,616

31. CONTINGENT LIABILITIES

	Note	2017 RM'000	2016 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	31.1	35,355	-
Bank guarantees (unsecured)		18,433	7,590

31.1 The subsidiary, WMSB, was subjected to Port Clearance Audit by the Royal Malaysian Customs Department ("Customs") on 23 November 2016.

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 September 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2011, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

WMSB has been engaging with the Customs and the Ministry of Finance and has also sought additional inputs to provide guidance but received an unfavourable decision from the authorities on 19 December 2017. An appeal is being processed to facilitate the convergence towards an amicable settlement in relation to the Bills of Demand.

The above contingent liability has not been provided and is contingent upon WMSB losing its appeal.

32. 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 33.

The Group has related party relationship with its significant investors, subsidiary, related companies, Directors and key management personnel.

32. RELATED PARTIES (CONTINUED)

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 12.

	Group	
	2017 RM'000	**2016 RM'000**
Corporate shareholder		
Pembinaan Redzai Sdn. Bhd.		
- Administrative expenses	12	25
Companies in which a Director has significant financial interest		
KL Dragons Sdn. Bhd.		
- Sponsorship for basketball team	2,000	1,590
Cloud Ten Executive Travel & Tours Sdn. Bhd.		
- Flight ticket and accommodation	1,337	1,814
Gryss Holdings Sdn. Bhd.		
- Office rental	406	283
PKT Logistics (M) Sdn. Bhd.		
- Revenue and rental income	(3,267)	(1,511)

	Company	
	2017 RM'000	**2016 RM'000**
Subsidiary		
Westports Malaysia Sdn. Bhd.		
- Interest expense	-	263
- Loan repayment/advances	-	(73,254)

33. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Directors' fees	2,060	2,040	1,050	1,080
Remuneration	11,640	12,900	-	-
Defined contribution plan	1,957	2,166	-	-
Allowances	641	676	614	650
	16,298	17,782	1,664	1,730

The estimated monetary value of Directors' benefit-in-kind is RM153,000 (2016: RM155,000).

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 121 to 168 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Yusli bin Mohamed Yusoff
Director

....

Datuk Ruben Emir Gnanalingam bin Abdullah
Director

Kuala Lumpur,

Date: 8 February 2018

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

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 121 to 168 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lim Beng Keem, I/C No 550503-05-5705, at Kuala Lumpur in the Federal Territory on 8 February 2018.

....

Lim Beng Keem

Before me:

Independent Auditors' Report

to the Members of Westports Holdings Berhad

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 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 121 to 168.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditor's 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

Key Audit Matter (continued)

Revenue Recognition	
Refer to Note 2(o) 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

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 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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 intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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

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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 2018

Other Information

Additional Compliance Information

In compliance with the Listing requirements of Bursa Securities, the following information is provided:-

1. Utilisation of Proceeds Raised from Corporate Proposal

There were no corporate proposals or exercises carried out during the year, therefore no proceeds were raised for utilization.

2. Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year ended 31 December 2017 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 2017.

Analysis of Shareholdings

Analysis of Shareholdings as at 23 February 2018

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	157	3.02	1,026	negligble
100 - 1,000	1,147	22.08	898,068	0.03
1,001 - 10,000	2,668	51.37	12,531,549	0.37
10,001 - 100,000	806	15.52	28,494,154	0.84
100,001 to less than 5% of issued shares	414	7.97	1,119,751,103	32.83
5% and above of issued shares	2	0.04	2,248,324,100	65.93
Total	5,194	100.00	3,410,000,000	100.00

Substantial Shareholders

	No. of shares		No. of shares	
Name of Substantial Shareholders	Direct	%	Indirect	%
Pembinaan Redzai Sdn Berhad	1,446,461,500	42.42	-	-
South Port Investment Holdings Limited	802,962,600	23.55	-	-
Employees Provident Fund Board	[1]174,280,300	[1]5.11	-	-
Tan Sri Datuk Gnanlingam A/L Gunanath Lingam	210,000	0.01	[2]1,552,100,000	[2]45.52
Datuk Ruben Emir Gnanlingam Bin Abdullah	-	-	[3]1,552,100,000	[3]45.52
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 Section 8(4) 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 Section 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 Section 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 les 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 holdings (%)
1	Pembinaan Redzai Sdn Berhad	1,445,361,500	42.39
2	Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for South Port Investment Holdings Limited	802,962,600	23.55
3	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	174,280,300	5.11
4	Kumpulan Wang Persaraan (Diperbadankan)	134,465,200	3.94
5	Semakin Ajaib Sdn Bhd	99,438,500	2.92
6	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	73,117,700	2.14
7	Amanahraya Trustees Berhad - Amanah Saham Malaysia	40,387,900	1.18
8	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	37,120,800	1.09
9	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Stichting Depositary APG Emerging Markets Equity Pool	34,408,451	1.01
10	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	33,000,000	0.97
11	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	30,000,000	0.88
12	Permodalan Nasional Berhad	27,583,200	0.81
13	HSBC Nominees (Asing) Sdn Bhd - BBH And CO Boston for Vanguard Emerging Markets Stock Index Fund	20,534,324	0.60
14	Amanahraya Trustees Berhad - As 1Malaysia	16,746,600	0.49
15	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	14,936,900	0.44
16	Amanahraya Trustees Berhad - Amanah Saham Didik	13,969,560	0.41
17	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	13,162,300	0.39

Analysis of Shareholdings

Thirty Largest Shareholders (Continued)

No.	Name	No. of shares	Percentage holdings (%)
18	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	12,621,600	0.37
19	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd.	8,778,100	0.26
20	HSBC Nominees (Asing) Sdn Bhd - TNTC for the Genesis Group Trust for Employee Benefit Plans	8,495,471	0.25
21	HSBC Nominees (Asing) Sdn Bhd - BBH (LUX) SCA for the Genesis Emerging Markets Investment Company	8,493,247	0.25
22	Amanahraya Trustees Berhad - Public Islamic Equity Fund	7,384,200	0.22
23	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Forsta AP - Fonden	7,359,084	0.22
24	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 9)	6,835,900	0.20
25	Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund JY63 For Russell Investments Emerging Markets Equity Fund (RIC Plc)	6,558,915	0.19
26	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,224,700	0.18
27	Amanahraya Trustees Berhad - Amanah Saham Nasional 3 Imbang	6,200,800	0.18
28	CIMSEC Nominees (Tempatan) Sdn Bhd - MCIMB for Semakin Ajaib Sdn Bhd (PB)	6,200,000	0.18
29	HSBC Nominees (Asing) Sdn Bhd - TNTC for Somerset Small Mid CAP EM all Country Fund LLC	5,996,300	0.17
30	Hong Leong Assurance Berhad - As Beneficial Owner (Life PAR)	5,916,800	0.17
		3,108,540,952	91.16

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	1,552,100,000[1]	45.52
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	100,000	negligble	-	-
Tan Sri Ismail bin Adam	-	-	-	-
Ip Sing Chi	-	-	-	-
Ruth Sin Ling Tsim	-	-	-	-
Dato' Yusli bin Mohamed Yusoff	-	-	-	-
Chan Soo Chee	-	-	-	-
Datuk Ruben Emir Gnanalingam bin Abdullah	-	-	1,552,100,000[2]	45.52
Chan Chu Wei	920,000	0.03	-	-
Kim, Young So	-	-	-	-
Shanthi Kandiah	-	-	-	-

Note:

(1) Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Section 8(4) 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 Section 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 ('000m^2)	Date of Construction	Tenure (Years)	Net Book Value 2017 RM'000
CT1: Wharf and Yard	Wharf and yard for berthing and storing containers	20	600m & 91.2 m_2	1997	57	38,698
Building	Container Gate, Marshalling building, Storage Facilities and M&R workshop	21	6.1 m_2	1996	50	5,052
CT2: Wharf and Yard	Wharf and yard for berthing and storing containers	20 & 17	600m & 150.0m_2	1997 & 2000	57 & 53	35,826
Building	Storage Facilities	18	2.7 m_2	1999	50	2,425
CT3: Wharf and Yard	Wharf and yard for berthing and storing containers	16	600m & 131.4m_2	2001	52	90,338
Building	Storage Facilities	14	38.3m_2	2003	50	5,828
CT4: Wharf and Yard	Wharf and yard for berthing and storing containers	12	600m & 137.6m^2	2005	48	127,034
Building	Admin building and M&R workshop	10	19.2m^2	2007	46	12,100
CT5: Wharf and Yard	Wharf and yard for berthing and storing containers	9	600m & 137.6m^2	2008	45	189,887
CT6: Wharf and Yard	Wharf and yard for berthing and storing containers	6 & 5	600m & 180.3m^2	2011 & 2012	42 & 43	264,576
CT7: Wharf and Yard	Wharf and yard for berthing and storing containers	4 & 3	600m & 175.8m_2	2013 & 2014	41 & 40	305,368
Building	Container Gate, Marshaling Centre, M&R workshop	2	127.1m_2	2016	38	80,290
CT8: Wharf	Wharf for berthing	2	600m 263.1m_2	2016	38	300,120
CT9: Wharf and Yard	Wharf and yard for berthing and storing containers	1	600m 100.1m_2	2017	37	298,267

Notice of the Twenty-Fifth (25th) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth 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, 24 April 2018 at 3.30 pm for the transaction of the following business:-

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017, together with the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note 1**
2.	To approve the aggregate Directors' fees and benefits payable to the Directors of the Company and its subsidiary, Westports Malaysia Sdn Bhd of an amount not exceeding RM3 million from this Annual General Meeting until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.	**Ordinary Resolution 1 Please refer to Explanatory Note 2**
3.	To re-elect the following Directors who are retiring pursuant to Article 106 of the Company's Constitution:-	
	(a) Datuk Ruben Emir Gnanalingam bin Abdullah	**Ordinary Resolution 2**
	(b) Dato' Yusli bin Mohamed Yusoff	**Ordinary Resolution 3**
	(c) Ruth Sin Ling Tsim	**Ordinary Resolution 4**
4.	To re-elect the following Directors who are retiring pursuant to Article 113 of the Company's Constitution:-	
	(a) Shanthi Kandiah	**Ordinary Resolution 5**
	(b) Chan Soo Chee	**Ordinary Resolution 6**
5.	To appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 7 Please refer to Explanatory Note 3**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6. **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 or for such purposes, as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the approval of the relevant regulatory bodies being obtained for such allotment and issue."

   Ordinary Resolution 8
   Please refer to Explanatory Note 4

Notice of the Twenty-Fifth (25th) Annual General Meeting

7. **Proposed Adoption of the Company's new Constitution ("Proposed Adoption")**

   "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, adopt the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 26 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017 AND THAT the Directors and Secretary of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption."

   Special Resolution Please refer to Explanatory Note 5

As Other Business

8. To transact any other business of which due notice shall have been given.

By Order of the Board

TAN AI NING (MAICSA 7015852)
IZREEN FARA ISMAIL (MAICSA 7056439)
Company Secretaries

Selangor Darul Ehsan
26 March 2018

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 nominess 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 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 forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
6. In respect of deposited securities, only Members whose names appear on the Record of Depositors on 16 April 2018 (General Record of Depositors) shall be eligible to attend the Meeting or appoint Proxy(ies) to attend and/or vote on his behalf.

Notice of the Twenty-Fifth (25th) Annual General Meeting

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 ("the Act") require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. Directors' Fees and Benefits

The amount of Directors' fees payable includes fees payable to Directors as member of Board and Board Committees and Directors' benefits payable to Directors comprise of meeting allowances. The Directors' Fees and Benefits payable is from this AGM until the conclusion of the next AGM of the company to be held by June 2019 (14 Months) pursuant to the Act which shareholders' approval will be sought at this 25th AGM in accordance with Section 230 of the Act.

3. Appointment of Deloitte PLT as the Company's Auditors

The Board of Directors is proposing to shareholders that Deloitte PLT be appointed as the Company's Auditors for the financial year ending 31 December 2018, following an extensive competitive tender, in line with best practice. The Board of Directors would like to thank KPMG PLT for their diligence and dedications.

4. Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act, 2016

The Ordinary Resolution 8 proposed under item 6 of this Agenda seeks the shareholders' approval for 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 Company's Directors to allot and issue up to a maximum of 10% of the Company's total number of issued shares at the time of issue (other than bonus or rights issue) for such purposes as the Directors consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority will unless revoked or varied by the Company at a general meeting, 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 the purpose of funding investment project(s), working capital and/or acquisition(s). At this juncture, there is no decision to issue new shares. Should there be any decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Directors of the Company did not allot, or issue ordinary shares pursuant to the authority given by its shareholders at the previous Annual General Meeting.

5. Proposed Adoption of the Company's new Constitution

The Special Resolution, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements"), to enhance administrative efficiency. The Proposed Adoption is set out in the Circular to Shareholders dated 26 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017.

6. Voting Procedures

Pursuant to para 8.29 of the Listing Requirements, voting at the 25th AGM will be conducted by poll. Poll Administrator and Scrutineer will be appointed to conduct the polling process and to verify the results.

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 AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "the Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representatives 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)

CDS Account	
No. of Shares held	

I/We, ...
(Full name in block letters, NRIC No. / Company No)

of ....
being a member of WESTPORTS HOLDINGS BERHAD, hereby appoint :

Full Name (in block letters)	NRIC / Passport No	Proportion of Shareholdings	
		No of Shares	%

*And/or

Full Name (in block letters)	NRIC / Passport No	Proportion of Shareholdings	
		No of Shares	%

or failing him/her, *the Chairman of the Meeting as my/our proxy to vote of rme/us on my/our behalf at the Twenty-Fifth 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, 24 April 2018 at 3.30 pm and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

Resolution No.	Resolution	For	Against
Ordinary Resolution 1	Approval of the aggregate Directors' fees and benefits payable to the Directors of the Group not exceeding RM3 million from this Annual General Meeting until the next Annual General Meeting, to be made payable monthly in arrears.		
Ordinary Resolution 2	Re-election of Datuk Ruben Emir Gnanalingam bin Abdullah as Director.		
Ordinary Resolution 3	Re-election of Dato' Yusli bin Mohamed Yusoff as Director.		
Ordinary Resolution 4	Re-election of Ruth Sin Ling Tsim as Director.		
Ordinary Resolution 5	Re-election of Shanthi Kandiah as Director.		
Ordinary Resolution 6	Re-election of Chan Soo Chee as Director.		
Ordinary Resolution 7	Appointment of Deloitte PLT as the Company's auditors.		
Ordinary Resolution 8	Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016.		
Special Resolution	Proposed Adoption of the Company's new Constitution.		

**Strike out whichever is not applicable*

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Dated this .... day of .... 2018.

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 nominess 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 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 forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
6. In respect of deposited securities, only Members whose names appear on the Record of Depositors on 16 April 2018 (General 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.

Please fold here to seal

www.**westportsholdings**.com

Westports Holdings Berhad (262761-A)
P.O. Box 266, Pulau Indah,
42009 Port Klang,
Selangor Darul Ehsan, Malaysia.

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