



WESTPORTS HOLDINGS BERHAD

(REGISTRATION No. 199301008024 (262761-A))

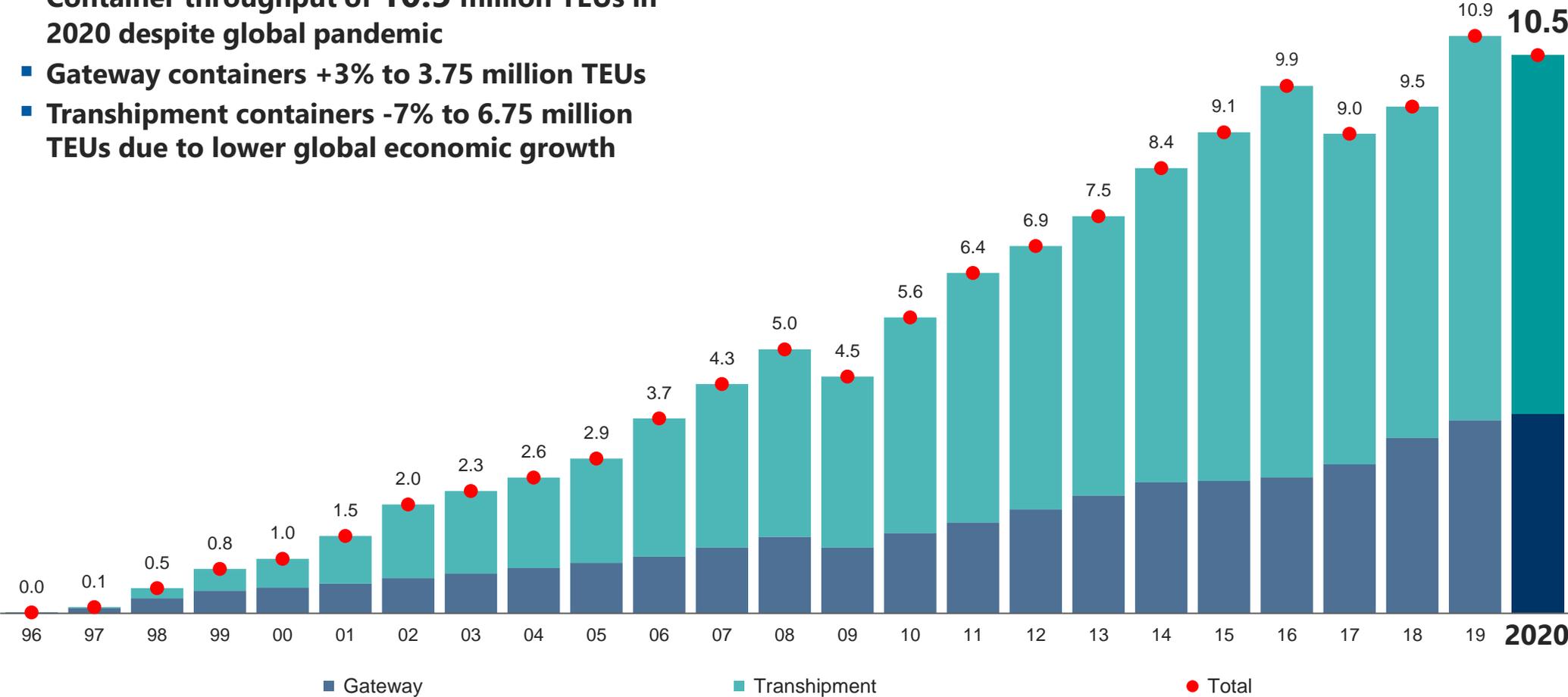
28TH ANNUAL GENERAL MEETING

27TH APRIL 2021



Resilient Container Volume Throughput Despite Pandemic

- Container throughput of **10.5** million TEUs in 2020 despite global pandemic
- Gateway containers **+3%** to 3.75 million TEUs
- Transshipment containers **-7%** to 6.75 million TEUs due to lower global economic growth

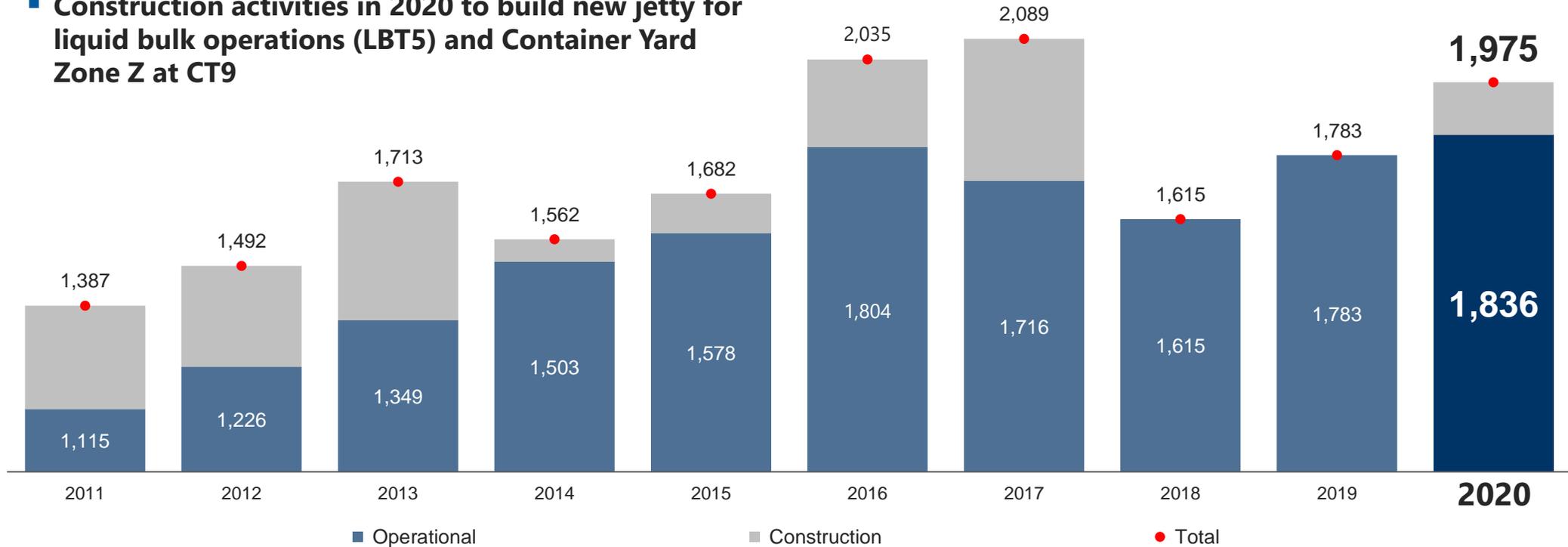


Maiden Call By The Largest LNG Container Vessel, 23,000-TEU CMA CGM Jacques Saadé



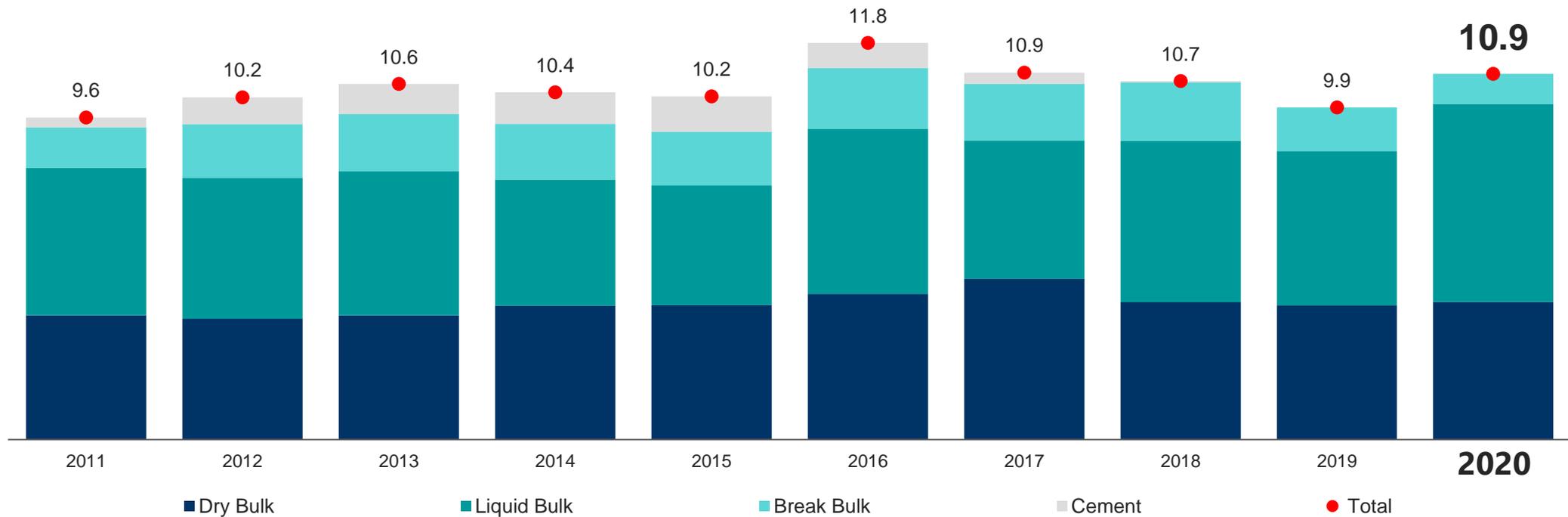
Higher Total Revenue With Operational Revenue And Construction Activities

- **Operational revenue +3% to RM1.84 billion**
- **Container contributed 87% to operational revenue with more revenue from Value Added Services and higher gateway volume**
- **Construction activities in 2020 to build new jetty for liquid bulk operations (LBT5) and Container Yard Zone Z at CT9**



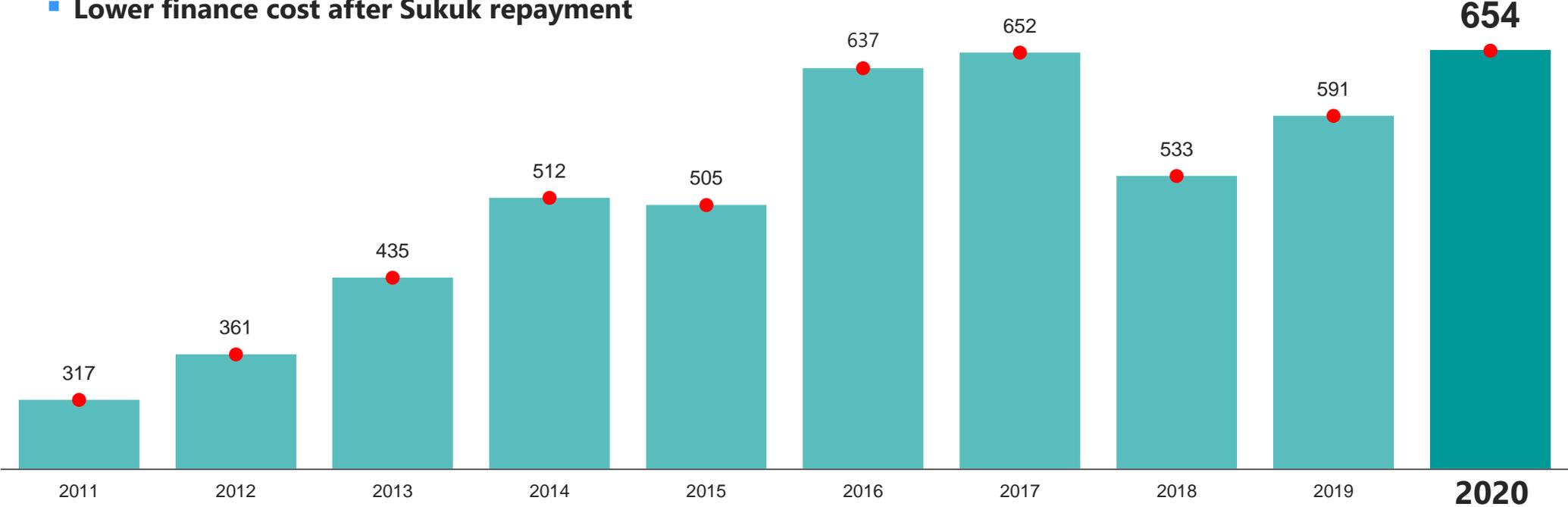
Conventional Throughput Facilitated Domestic Economic Activities

- Conventional terminal handled **10.9** million metric tonnes of cargo
- In 2020, volume comprises of Break Bulk, Dry Bulk and Liquid Bulk
- Liquid Bulk improved due to bunker and palm oil related products



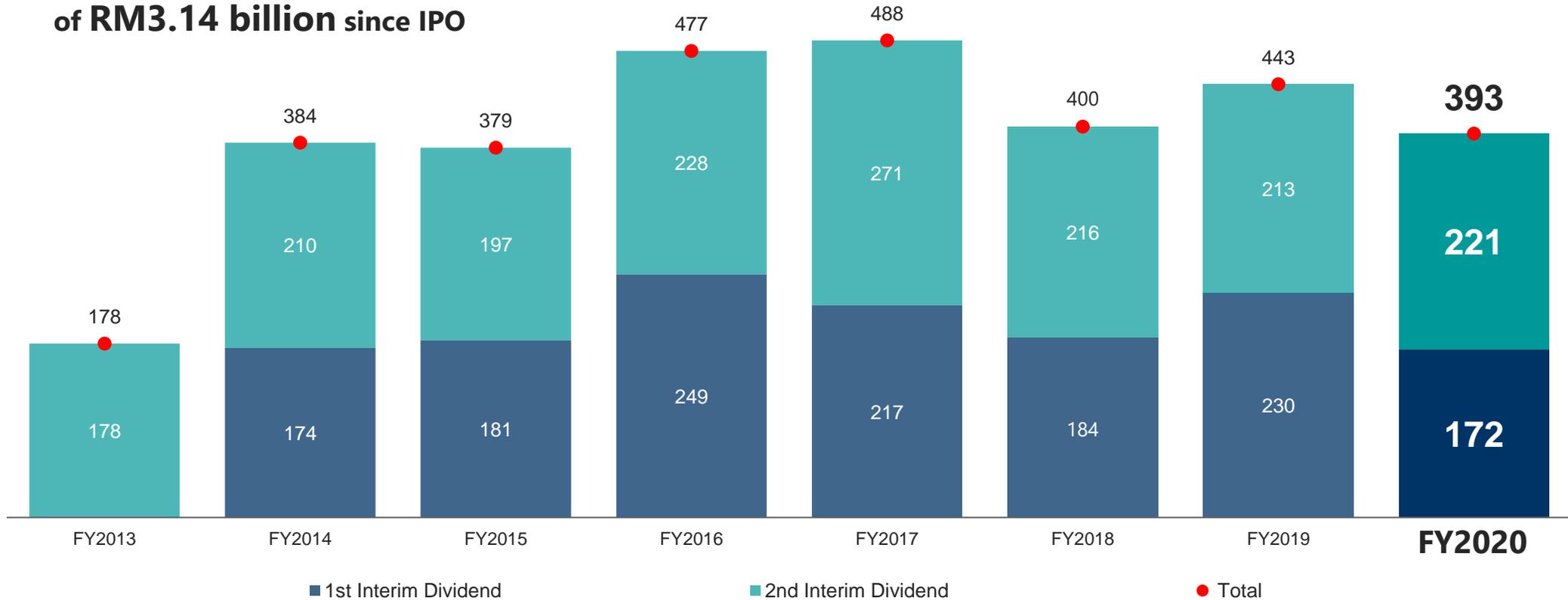
Profit After Tax Increased To RM654 Million

- **Highest level of Profit After Tax since the Company's IPO due to a combination of favourable factors**
 - Improved revenue from Container segment
 - Lower fuel cost
 - Lower finance cost after Sukuk repayment

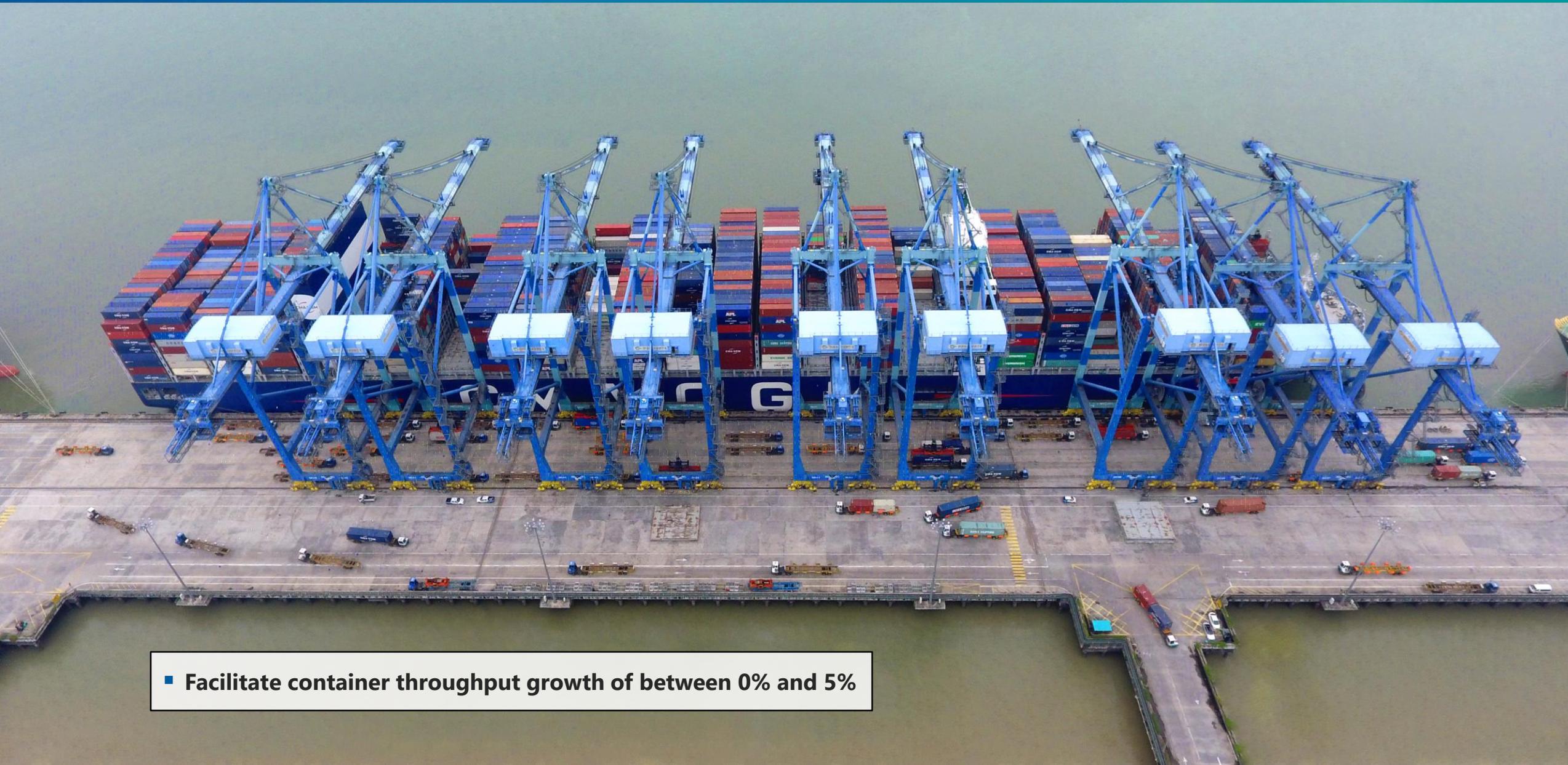


Semi-Annual Dividend Distribution To Shareholders Since IPO Totalling RM3.14 Billion

- Payout ratio of 60% on Profit After Tax in FY2020. Reverting back to 75% for FY2021
- Total dividend distributed to shareholders of **RM3.14 billion** since IPO

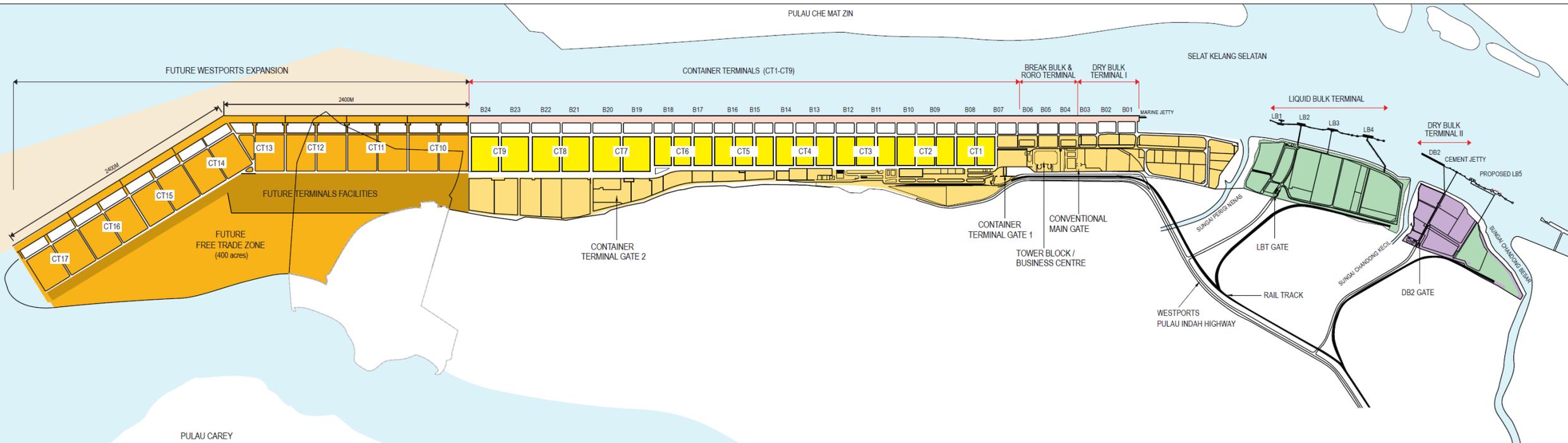






▪ Facilitate container throughput growth of between 0% and 5%

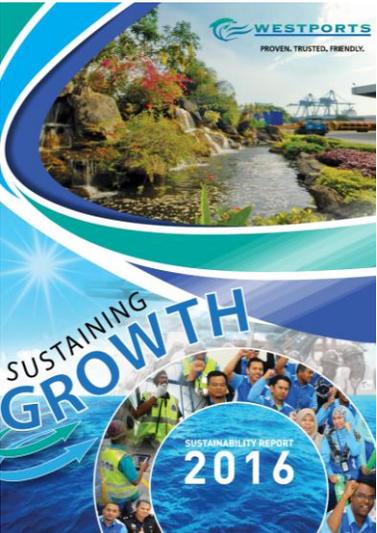
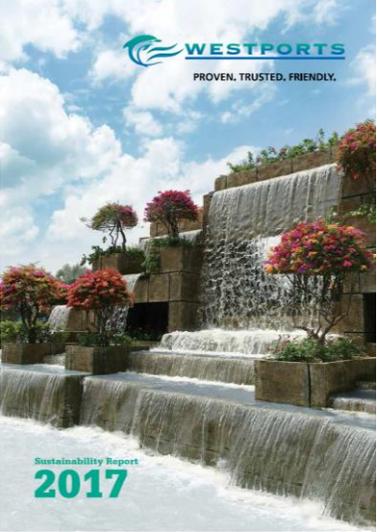
- In 2021, work towards finalizing details of concession agreement
 - Completed all technical studies in 2019
 - Completed detailed EIA and all studies required in 2020
- Ongoing discussion with the Government, target to finalise and sign in 2H2021





Interceptor 002

<https://theoceancleanup.com/rivers/>



- **All reports in accordance with Global Reporting Initiative (GRI) Standards**, the most widely adopted international framework for sustainability reporting
 - **2016** inaugural report
 - **2017** GHG Scope 3 reporting
 - **2018** United Nations Sustainable Development Goals (UNSDG)
 - **2019** Environmental Impact Assessment (EIA) and assessment on climate change
 - **2020** Sustainability Committee and audited by Bureau Veritas

- **Using the Triple Bottom Line Approach**
 - **Better Business**
 - **Better Planet**
 - **Better Community**



- **Better Community** - Adopted Pulau Indah at the core of its CSR initiative right from the beginning.
- **Poverty eradication**
- **Educational enhancement**
- **Community facilities**
- **Safety and security**
- **Clean environment**

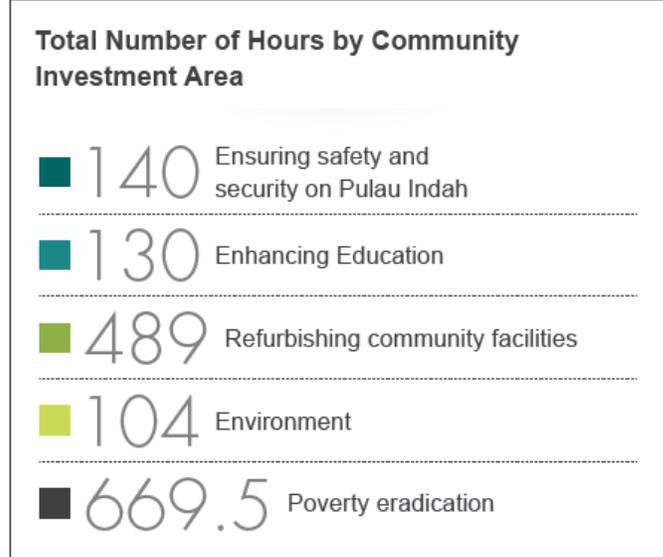


FTSE4Good

- **Inclusion in FTSE4Good Index Series** after review in December 2016
- **Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell**
- **Constituents of other indices**
 - **MSCI Malaysia Index**
 - **Global Property Research's GPR Pure Infrastructure Index Series**
 - **Global Listed Infrastructure Organisation's Marine Port Index**
 - **FTSE Bursa Malaysia Mid 70 Index**

1,532 Hours By Westports Volunteers Benefiting 1,145 Community Participants & COVID-19 Contributions

2020



Covid-19 donation of PPE Box to Hospital Sentosa, Klang



Covid-19 donation to Hospital TAR, Klang totalling RM 958,800

Westports distributed food and essentials during the 1st MCO due to Covid-19 to residents of Pulau Indah and the Greater Klang Valley



- Westports also donated to the following:**
- ✓ Ministry of Health Covid-19 Fund of RM 1.0 million
 - ✓ TheEdge Covid-19 Fund of RM 1.0 million
 - ✓ Selangor State Govt Covid-19 Fund of RM 100,000



- **Introduction**
 - 2019 incorporated with 2 founding directors
 - 2020 Westports Malaysia made its first donation
 - 2021 All CSR activities would be carried out under the Foundation
- **Objectives of Westports Foundation**
 - **To provide talent development**
 - **To assist underprivileged persons or communities**
 - **To promote communities' well-being**

▪ All CSR activities continue and they are now even more in-line with the core United Nations Sustainable Development Goals (UNSDG)

▪ **Poverty eradication**

- Dilapidated House Repair
- Entrepreneur Programme
- Poor Families/Warga Emas

▪ **Educational enhancement**

- IT Apprentice
- Kolej Vokasional Klang
- Trust Schools Programme

▪ **Community facilities**

- **Safety and security**
- Gotong Royong
- Asli Community

▪ **Clean environment**

- Fertigation Farming
- Mangrove Planting
- Interceptor 002



Port Klang, comprising of Westports and Northport, is one of the 8 ports that have won recognition from APEC Port Services Network





- **In the Executive Chairman’s message, it was mentioned that in 2020, the detailed Environmental Impact Assessment was completed for the port expansion project (comprising eight new terminals, CT10 to CT17, which will double its container handling capacity to 28 mil TEUs from 14 mil TEUs). The Company has also obtained approval from Port Klang Authority on the broad new concession agreement's proposed terms. Westports has now commenced commercial discussion with the Government on the proposed mega port expansion (“Westports 2.0”). (page 6 of AR 2020)**

- a. **How long will it take to conclude the negotiation with the Government on the concession terms?**
 - **Westports 2.0 expansion plans was unveiled in August 2017 when the Company received an approval-in-principle from the government to expand its container terminal facilities.**
 - **The project has progressed gradually and the transition towards negotiation with the Government on the concession agreement occurred in the 2nd half of 2019. Westports hopes to conclude and finalise the concession terms by the 4th Quarter of 2021.**

- b. When is the expected commencement of physical works (i.e. land reclamation, wharf construction and dredging) for Westports 2.0 expansion and when is the expected completion date of Westports 2.0?**
- **The construction work would commence as soon as possible after all approvals and concession agreement have been obtained and signed. Subject to the fulfilment of all the necessary conditions, the container expansion project should commence in the 1st Quarter of 2022 – or earlier if possible.**
 - **The completion of Westports 2.0 entails the development from CT10 to CT17. Since the Company's approach is supply-driven, i.e. building facilities slightly in advance to meet the requirements of its clients, how fast and when the development is being completed ultimately depends on future clients' demand.**
 - **The Company broadly envisage that it would take between 25 and 30 years to complete Westports 2.0 fully.**

- c. What is the estimated expansion development cost for Westport 2.0? How does the Company intend to fund this?**
- **The estimated total development cost of Westports 2.0 is approximately RM12.6 billion, which will take between 25 and 30 years to fully develop.**
 - **Westports will fund the expansion project using internally generated funds and an eventual enlarged Sukuk programme.**

- **The Group's accumulated impairment loss on trade receivables have increased significantly to RM8.1 million in FY2020 (FY2019: RM1.9 million) (Note 18, page 71 of AR 2020)**
- a. **What were the reasons for the high impairment loss on trade receivables?**
 - **Virtually all the increase in impairment during FY2020 is due to one client who is unable to fulfil its financial obligation and commitments made to Westports. After a series of engagements with that client, Westports decided to designate those receivables as bad debt provision.**
- b. **What actions have been taken to recover the said amount?**
 - **Westports has commenced legal action against that particular client.**
 - **Some other clients within that category are making instalment payments to Westports.**

c. What is the percentage of the impairment loss of RM8.1 million that is expected to be uncollectable?

- Westports has initiated legal action to recover the amount due to us.
- We will only know what is deemed as uncollectable after all recourse have been exhausted.

d. How much of the impaired trade receivables have been recovered to-date?

- Between 31st December financial year ending 2020 and 31st March 2021, about RM95k have been recovered.
- More notable is that the ratio of new bad debts provision to receivables has been declining in recent years if we exclude the upward blip in FY2020 due to this one particular client.

- As disclosed in Westports’ sustainability report 2020 (page 62), the table below shows the health and safety performance of Westports.

	2018	*2019	2020
Incidents and Accidents (total)	479	626	716
Average number of cases per 100,000 TEU’s (container operation)	3.40	5.74	6.78

**Restated to include quay crane health and safety performance data*

- What are the Company’s pro-active plans to further improve the health and safety culture of the Group to bring down the number of incidents and accident rates?

- **Westports expanded the statistical coverage of accidents to cases occurring on vessels in 2019 and 2020 even though the regulatory requirements, according to Department of Occupational Safety and Health (DOSH), covers incident on the Land only.**
- **So, from 2019 onwards, we measure all accidents involving Quay Crane as well. Hence, the increase in average cases in 2019 is due to this more comprehensive measurement.**
- **The Company has analysed and observed that Terminal Trucks contributed more accidents than other equipment.**
- **In 2020, HSE has**
 - **Studied and implemented the Shuttle Re-route Plan**
 - **Undertaken the Dashcam Installation Project**
 - **Encourage safer driving behaviours**
 - **Record and learn how incidents occur**
 - **One-way traffic to reduce accident risk**

- **For 2021**
 - **Formed the Traffic Flow Improvement Plan and Accident Reduction Committee**
 - **Improved Shuttle Re-route Plan to reduce bottleneck and congestion at wharf junctions**
 - **Repainted certain areas to enhance visibility**
 - **Pedestrian Policy**
 - **Zero Accident Campaign**
 - **Non-Passenger Vehicle Policy**
 - **Road Improvement Project**
 - **Greater compliance, stricter enforcement and punishment**
 - **Additional road signages to reduce ambiguity**
 - **Installed speed bump and mirrors**
 - **Assess other areas for improvement involving other terminal operating equipment**

- **As Westports falls under the category of Large Companies as defined under the Malaysian Code on Corporate Governance (MCCG 2017), Practice 9.3 – Step-Up is applicable to the Company.**
- ***Practice 9.3 Step-Up* - The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.**
- ***Westports' response:* Not adopted. Currently, the Audit and Risk Management Committee (ARMC) oversees the Company's risk management framework and policies. As the Company has only 1 subsidiary and a single source of business, thus, the Company maintain its ARMC instead of establishing a Risk Management Committee. (page 35 of Corporate Governance Report FY2020).**

- ***MSWG's comment:*** As stated in the Company's ARMC charter (page 4), ARMC's role and responsibilities in risk management include amongst others, review of the adequacy and effectiveness of the risk management process to identify key organisational risks and the systems or processes in place to monitor and manage these risks.
- **Ideally the risk management oversight should be undertaken by a separate committee to allow dedicated oversight by the committee to ensure matters of risk are accorded due attention. In combining the audit and risk management oversight, there is a risk that consideration of risk management issues may be compromised due to the dual functions of ARMC. The spirit of Step up 9.3 is to consider risk management important enough to warrant a separate and dedicated committee**
- ***Westports' response:*** The four (4) members of the Audit and Risk Management Committee ("ARMC") bring with them a wide range of knowledge, expertise and experience from various industries and backgrounds.
- **The Board having reviewed the current composition of the Board and taking into consideration of the current size and level of operation, is of the view that combining Risk Management Committee with the Audit Committee is deemed a practical and effective approach and will maintain this practice. The Board will undertake an annual review to determine if any changes is required.**

Thank You

Westports Holdings Berhad
<http://westportsholdings.com/>



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