

# Westports Holdings Berhad's 29<sup>th</sup> Annual General Meeting

## Responses to Questions from MSWG & Shareholders

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### 1. Minority Shareholders' Watchdog Group (MSWG)

#### Tan Ai Ning (Company Secretary):

**Question 1: Westports is working towards finalising details of the concession agreement with the Government of Malaysia to expand Westports container terminal CT10 to CT17.**

- (a) When is the negotiation with the Government on the concession terms expected to be concluded?**
- (b) Of the eight new container terminals (CT10 to CT17), how many new container terminals are targeted to be built in the first phase of the expansion? and how long is the estimated construction period?**
- (c) To what extent will the construction of new terminals adjacent to the existing terminals disrupt the operation and the utilisation rate of the existing container terminals?**

#### Datuk Ruben Emir Gnanalingam Bin Abdullah (Group Managing Director):

- (a)** Westports 2.0 expansion plans were unveiled in August 2017 when the Company received the approval-in-principle from the Government to expand its container terminal facilities.  
The project progressed gradually and transitioned towards negotiation with the Government on the concession agreement in the 2nd half of 2019. The Covid-19 pandemic over the past two years inadvertently slowed the negotiation progress. Westports now hopes to conclude and finalise the concession terms by the 4th Quarter of 2022.
- (b)** The first phase of the expansion would entail the development of CT10 and CT11. The construction period is projected to be four years from the commencement date. Key developments needed are land reclamation, wharf and yard construction, and all terminal operating equipment commissioning.
- (c)** The construction work at CT10, which is adjacent to the existing wharf and yard of CT9, would be planned in such a way that there would be minimal or no disruption to the current container terminal operations. Westports has successfully expanded the container terminals from CT1 to CT9 without affecting ongoing operations.

## 2. MSWG

### Tan Ai Ning (Company Secretary):

**Question 2: Westports, together with Klang Port Management Sdn Bhd (KPM), on a 50:50 basis, has acquired 100% stake in Port Klang Cruise Terminal Sdn Bhd (PKCT). The acquisition of the 50% equity interest in PKCT for a cash consideration of RM115m was completed in September 2021.**

- (a) Based on the company announcement dated 19 March 2021, PKCT were loss-making in 2017, 2018 and 2019, before the Covid-19 pandemic hit. It was also loss-making in 4Q21, as depicted in the results announcement. How do Westports and KPM plan to turnaround the loss-making cruise terminal business?
- (b) What is the business plan for the adjacent land and a car park measuring 58.0 acres?

### Datuk Ruben Emir Gnanalingam Bin Abdullah (Group Managing Director):

- (a) The former Boustead Cruise Centre Sdn Bhd was loss-making during the pre-pandemic years mainly because of its high finance cost. Westports and KPM have acquired the company without assuming any former liabilities of Boustead Cruise Centre Sdn Bhd. Hence, the financial position of PKCT would be much enhanced when the finance costs are excluded. As Malaysia and many regional countries reopen for tourism in 2022, the prospects for cruise business have improved, and PKCT is well-positioned to benefit from this recovery.
- (b) Westports and KPM are still evaluating various business proposals. The proposed business would capitalise on the adjacent land and car park characteristics while complementing the ongoing cruise terminal operations.

## 3. MSWG

### Tan Ai Ning (Company Secretary):

**Question 3: In Westports Climate Change Assessment Report 2022, rising water level and wave action is rated as a high-risk issue. It is deemed as a possible climate hazard that has a significant, negative long-term effect on the critical assets, operation or systems of Container Berth CT1 to CT9, and Dry Bulk, Liquid Bulk and Breakbulk Berths, which could compromise the business continuity of the port. What is the Board's view on this high-risk climate change issue and what are the measures to be taken to mitigate the risks?**

**Datuk Ruben Emir Gnanalingam Bin Abdullah (Group Managing Director):**

International engineering consultancy firm with a local presence, DHI, and Marine Ecosystems Research Centre (EKOMAR) from Universiti Kebangsaan Malaysia, conducted the Westports Climate Change Assessment study. They have assessed the container and conventional berths as having High-Risk exposure to rising sea levels. However, the assessment timeframe is 60 years to 2080, with 2020 as the baseline period – as stated on the first page of the Executive Summary.

Based on the current concession agreement, whereby Westports will operate the terminals until 2054, the soffit of the Container jetty beams – the lower portion of the wharves, is expected to be subjected to water for only five days a year under the worst-case scenario of RCP 8.5.

There is no risk of water exceedance to the upper portion or deck of the wharves. Hence, based on DHI and EKOMAR's current findings in 2022, there should be no capital expenditure required for climate change mitigation to the existing wharves or jetties under the existing concession agreement.

**4. MSWG**

**Tan Ai Ning (Company Secretary):**

**Question 4: Westports' container throughput has grown exponentially from 20,000 TEUs in 1996 to 10.4m TEUs in 2021. In the long term, the company intends to double its container handling capacity from 13.6m TEUs in 2021 to 28m TEUs.**

- (a) What were the key reasons for the growth in container throughput at Westports over the past 26 years?**
- (b) What are the potential drivers/ catalysts that could propel the future growth of container throughput at Westport and prompt the company to work on an expansion plan to double its container handling capacity in the long term?**

**Datuk Ruben Emir Gnanalingam Bin Abdullah (Group Managing Director):**

- (a)** The success of Westports is underpinned by its culture, which emphasises performance, innovation and family values, as the Company facilitates the growth of containerised requirements, especially for Klang Valley in Malaysia, while also capturing the growth of regional economies via transshipment as the latter expand with globalisation and now regionalisation of supply chain solutions.
- (b)** The per capita GDP of Malaysia and regional ASEAN-Asian countries has significant long-term growth prospects as all these economies mature and develop. As oceans surround these nations, shipping and containerised freight remain the primary logistic solution. Westports will continue to capitalise on its strategic location to facilitate all these local and regional growths.

## 5. MSWG

### Tan Ai Ning (Company Secretary):

**Question 5: Practice 5.10 of Malaysian Code on Corporate Governance 2021: The board discloses in its annual report the company's policy on gender diversity for the board and senior management**

**Westports' response: Departure (page 36 of Corporate Governance Report 2021).**

- ***MSWG's comment:* Westports did not disclose measures it has taken or intend to take to enable the company to adopt the practice and timeframe required. As Westports is categorised as a large company (a company with market capitalisation of RM2b and above at the start of the company's financial year), the company is required to disclose the measures it has taken/ intend to take together with the timeframe required.**

### Chan Soo Chee (Nomination and Remuneration Committee Chairman):

- The Company take note on the comments from MWSG and would disclose the measures and timeframe required moving forward.
- The Board welcomes the push for greater diversity in the boardroom which can provide a more diverse approach to business decision-making and the Company shared the view that a diverse Board will enhance decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the members of the Board.
- The Company had on 28 July 2021 implemented Equal Employment Opportunity Policy which provides the same opportunities for hiring, rate for the job/experience, pay grades and rates, training and development, promotions and other terms of employment to everyone without discrimination due to characteristics such as race and ethnicity, skin colour, religion, sex / gender, sexual orientation, disability, age, marital status and nationality. The policy covers to all employees including the Board and senior management of the Group.
- The Board has four female members, and Directors with ages ranging from the early-50s to late-60s, who have served on the Board for different tenures. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

- The Board has adopted the recommended target to achieve a level of at least 30% female representation on its Board. With the new appointments on the Board currently, it has achieved its target of 30% female representation.