

**STRICTLY CONFIDENTIAL – DO NOT FORWARD**

PLEASE FIND ATTACHED AN ELECTRONIC COPY OF THE INFORMATION MEMORANDUM DATED 18 NOVEMBER 2014 (THE "INFORMATION MEMORANDUM"), IN RELATION TO THE PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF ISLAMIC COMMERCIAL PAPERS PURSUANT TO AN ISLAMIC COMMERCIAL PAPERS PROGRAMME OF UP TO RM500.0 MILLION IN NOMINAL VALUE AND ISLAMIC MEDIUM TERM NOTES PURSUANT TO AN ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM1.5 BILLION IN NOMINAL VALUE, SUBJECT TO A JOINT LIMIT OF RM1.5 BILLION IN NOMINAL VALUE, BY NORTHPORT (MALAYSIA) BHD. (COMPANY NO. 146850-A) (THE "ISSUER").

THE INFORMATION MEMORANDUM IS STRICTLY CONFIDENTIAL AND DOES NOT CONSTITUTE AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN ("SECURITIES") OR ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OF ANY OF THE SECURITIES TO ANY PERSON OR TO THE PUBLIC GENERALLY OTHER THAN TO THE INTENDED RECIPIENT. DISTRIBUTION OR REPRODUCTION IN ANY MANNER AND FORM OF THE INFORMATION MEMORANDUM OR ANY OF ITS CONTENTS TO ANY PERSONS, OTHER THAN TO THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION ("RECIPIENT") FROM THE ISSUER, THE JOINT LEAD ARRANGERS/THE JOINT LEAD MANAGERS AND/OR THEIR RESPECTIVE AGENTS IS UNAUTHORISED. THE RECIPIENT IS PROHIBITED FROM DISCLOSING THE INFORMATION MEMORANDUM OR ANY OF ITS CONTENTS IN ANY MANNER OR FORM, ALTERING ANY OF THE CONTENTS OF THE INFORMATION MEMORANDUM OR FORWARDING A COPY OF THE INFORMATION MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR OTHERWISE TO ANY PERSON. BY OPENING AND ACCEPTING THIS ELECTRONIC TRANSMISSION OF THE INFORMATION MEMORANDUM, THE RECIPIENT AGREES TO THE FOREGOING.

THE INFORMATION MEMORANDUM IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED NOR WILL IT BE REGISTERED AS A PROSPECTUS UNDER THE CAPITAL MARKETS AND SERVICES ACT 2007, AS AMENDED FROM TIME TO TIME ("CMSA"). THE INFORMATION MEMORANDUM HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY FOREIGN JURISDICTION AND HAS NOT BEEN AND WILL NOT BE REGISTERED, LODGED OR APPROVED PURSUANT TO OR UNDER ANY LEGISLATION OF (OR WITH OR BY ANY REGULATORY AUTHORITIES OR OTHER RELEVANT BODIES IN) ANY FOREIGN JURISDICTION AND IT DOES NOT CONSTITUTE AN ISSUE OR OFFER OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE THE SECURITIES OR ANY OTHER SECURITIES OF ANY KIND BY ANY PARTY IN ANY FOREIGN JURISDICTION. THE SECURITIES MAY ONLY BE ISSUED, OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED DIRECTLY OR INDIRECTLY TO A PERSON TO WHOM AN OFFER OR INVITATION TO SUBSCRIBE TO THE SECURITIES AND TO WHOM THE SECURITIES ARE ISSUED WOULD, (1) AT THE POINT OF ISSUANCE OF THE SECURITIES FALL WITHIN SCHEDULE 6 (OR SECTION 229(1)(B)) OF THE CMSA OR SCHEDULE 7 (OR SECTION 230(1)(B)) OF THE CMSA, READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CMSA; AND (2) AFTER THE ISSUANCE OF THE SECURITIES FALL WITHIN SCHEDULE 6 (OR SECTION 229(1)) OF THE CMSA, READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CMSA ("SELLING RESTRICTIONS").

BY ACCEPTING THIS E-MAIL AND ACCESSING THE INFORMATION MEMORANDUM, YOU SHALL BE DEEMED TO HAVE REPRESENTED TO US THAT (1) YOU ARE PERSONS FALLING WITHIN THE SELLING RESTRICTIONS; AND (2) YOU CONSENT TO THE DELIVERY OF THE INFORMATION MEMORANDUM BY E-MAIL. YOU ARE REMINDED THAT THE INFORMATION MEMORANDUM HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE INFORMATION MEMORANDUM MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT NOR ARE YOU AUTHORISED TO DELIVER OR DISCLOSE THE CONTENTS OF THE INFORMATION MEMORANDUM TO ANY PERSON. IF THIS IS NOT THE

**CASE, YOU MUST IMMEDIATELY DELETE THE SOFT COPY OF THE INFORMATION MEMORANDUM AND DESTROY ALL PRINTOUTS OF IT.**

**TRANSMISSION OVER THE INTERNET MAY BE SUBJECT TO INTERRUPTION, TRANSMISSION BLACKOUT, DELAYED TRANSMISSION DUE TO INTERNET TRAFFIC, INCORRECT DATA TRANSMISSION DUE TO THE PUBLIC NATURE OF THE INTERNET, DATA CORRUPTION, INTERCEPTION, UNAUTHORISED AMENDMENT, TAMPERING, VIRUSES OR OTHER TECHNICAL, MECHANICAL OR SYSTEMIC RISKS ASSOCIATED WITH INTERNET TRANSMISSIONS. THE ISSUER, THE JOINT LEAD ARRANGERS/THE JOINT LEAD MANAGERS AND/OR THEIR RESPECTIVE AGENTS HAVE NOT ACCEPTED AND WILL NOT ACCEPT ANY RESPONSIBILITY AND/OR LIABILITY FOR ANY SUCH INTERRUPTION, TRANSMISSION BLACKOUT, DELAYED TRANSMISSION, INCORRECT DATA TRANSMISSION, DATA CORRUPTION, INTERCEPTION, UNAUTHORISED AMENDMENT, TAMPERING, VIRUSES, TECHNICAL, MECHANICAL OR SYSTEMIC RISKS OR ANY CONSEQUENCES THEREOF.**

**THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS AS PROVIDED IN THE INFORMATION MEMORANDUM WHICH DISCLAIMERS AND AGREEMENTS, THE RECIPIENT SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY.**

**STRICTLY PRIVATE AND CONFIDENTIAL**



**NORTHPORT (MALAYSIA) BHD.**  
**(COMPANY NO. 146850-A)**  
(Incorporated in Malaysia under the Companies Act 1965)

## **INFORMATION MEMORANDUM**

IN RESPECT OF

**SUKUK ISSUANCE PROGRAMMES UNDER THE ISLAMIC PRINCIPLE OF MUSHARAKAH COMPRISING:**

- (I) ISLAMIC COMMERCIAL PAPERS PROGRAMME OF UP TO RM500.0 MILLION IN NOMINAL VALUE ("ICP PROGRAMME"); AND**
- (II) ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM1.5 BILLION IN NOMINAL VALUE ("IMTN PROGRAMME");**

**SUBJECT TO A JOINT LIMIT OF RM1.5 BILLION IN NOMINAL VALUE.**

**Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers**



**Affin Hwang Investment Bank Berhad**  
(formerly known as HwangDBS  
Investment Bank Berhad)  
(Company Number: 14389-U)



**Maybank Investment Bank Berhad**  
(Company Number: 15938-H)

## IMPORTANT NOTICE

THE SUKUK ISSUANCE PROGRAMMES UNDER THE ISLAMIC PRINCIPLE OF MUSHARAKAH COMPRISING: (I) ISLAMIC COMMERCIAL PAPERS ("ICP") PROGRAMME OF UP TO RM500.0 MILLION IN NOMINAL VALUE ("ICP PROGRAMME"); AND (II) ISLAMIC MEDIUM TERM NOTES ("IMTN") PROGRAMME OF UP TO RM1.5 BILLION IN NOMINAL VALUE ("IMTN PROGRAMME"), SUBJECT TO A JOINT LIMIT OF RM1.5 BILLION IN NOMINAL VALUE (COLLECTIVELY, THE ICP AND IMTN ARE REFERRED TO AS THE "SUKUK MUSHARAKAH" AND THE ICP PROGRAMME AND IMTN PROGRAMME ARE REFERRED TO AS THE "SUKUK MUSHARAKAH PROGRAMMES"), HAVE BEEN APPROVED AND AUTHORISED BY THE SECURITIES COMMISSION MALAYSIA ("SC") ON 9 JULY 2014 AND 13 NOVEMBER 2014 PURSUANT TO SECTIONS 214(1) AND 256C(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 [ACT 671], AS AMENDED FROM TIME TO TIME ("CMSA"). PLEASE NOTE THAT THE SC'S APPROVAL AND AUTHORISATION OF THE SUKUK MUSHARAKAH PROGRAMMES SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF THE SUKUK MUSHARAKAH.

### Responsibility Statements

This Information Memorandum has been approved by the directors of **NORTHPORT (MALAYSIA) BHD. (Company No. 146850-A)** (the "Issuer") and they collectively and individually accept full responsibility for the accuracy of the information contained in this Information Memorandum. The Board of the Issuer, after having made all reasonable enquiries and to the best of their knowledge, information and belief, confirms that all information contained in this Information Memorandum is true and correct in all material respects. The Board of the Issuer further confirms that there is no omission of a material fact, necessary to make the information contained in this Information Memorandum, in light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Board of the Issuer to ascertain that all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Board of the Issuer accepts full responsibility for such information contained in this Information Memorandum.

### Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the subscription or purchase of the Sukuk Musharakah under the Sukuk Musharakah Programmes.

The Issuer has authorised **AFFIN HWANG INVESTMENT BANK BERHAD (Company No. 14389-U) (formerly known as HwangDBS Investment Bank Berhad) ("Affin Hwang IB")** and **MAYBANK INVESTMENT BANK BERHAD (Company No. 15938-H) ("Maybank IB")**, collectively as joint principal advisers/joint lead arrangers/joint lead managers (collectively, Affin Hwang IB and Maybank IB are referred to as the "JPAs/JLAs/JLMs") to distribute this Information Memorandum, which is now being provided by the JPAs/JLAs/JLMs on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe or purchase the Sukuk Musharakah. The Sukuk Musharakah may only be issued, offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe to the Sukuk Musharakah and to whom the Sukuk Musharakah are issued would: (1) at the point of issuance of the Sukuk Musharakah fall within Schedule 6 (or Section 229(1)(b)) of the CMSA or Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA; (2) after the issuance of the Sukuk Musharakah fall within Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

Should this Information Memorandum, at the request of the recipient, be sent to the recipient or is received or viewed by the recipient in an electronic format, the recipient is reminded that documents

transmitted via this mode of transmission may be altered or changed during the process of electronic transmission and consequently the JPAs/JLAs/JLMs or the Issuer or any person who controls them, any director, officer, employee and any of their agent or affiliate do not accept any liability or responsibility whatsoever in respect of the difference between the Information Memorandum distributed to such recipient or viewed by such recipient in the electronic format and the hard copy version available to the recipient.

This Information Memorandum may not be reproduced or used, in whole or in part, for any other purpose, or shown, given, copied to or filed with any person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

It is a condition to the first issuance that the Sukuk Musharakah Programmes is assigned a minimum short term rating of MARC-1 and a minimum long term rating of AA- by Malaysian Rating Corporation Berhad. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency.

None of the information or data contained in this Information Memorandum has been independently verified by Affin Hwang IB and/or Maybank IB as the JPAs/JLAs/JLMs of the Sukuk Musharakah Programmes. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the JPAs/JLAs/JLMs as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum.

The JPAs/JLAs/JLMs have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Sukuk Musharakah Programmes and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the JPAs/JLAs/JLMs or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Musharakah or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or of any Foreign Jurisdiction as a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor any one of the JPAs/JLAs/JLMs accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

- (a) it will keep confidential all information and data contained in the Information Memorandum and will not use such confidential information or data for any other purpose except to enable the evaluation of the Sukuk Musharakah Programmes;
- (b) it is lawful for the recipient to receive this Information Memorandum and to, subscribe for or purchase the Sukuk Musharakah under all jurisdictions to which the recipient is subject;
- (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Musharakah at all times;
- (d) the Issuer, the JPAs/JLAs/JLMs and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Musharakah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Musharakah is or shall become unlawful, unenforceable, voidable or void;
- (e) it is aware that the Sukuk Musharakah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws;
- (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Musharakah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Musharakah;
- (g) it is subscribing or accepting the Sukuk Musharakah for its own account;
- (h) it is a person falling within Schedule 6 (or Section 229(1)(b) of the CMSA or Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA at the point of issuance of the Sukuk Musharakah; or it is a person falling within Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA after the issuance of the Sukuk Musharakah.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Musharakah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Musharakah is not intended to provide the basis of any credit or other evaluation, and is not and should not be construed as, a recommendation by the Issuer and/or the JPAs/JLAs/JLMs to the recipient to subscribe for or purchase the Sukuk Musharakah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Musharakah Programmes and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Musharakah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Musharakah Programmes is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Musharakah Programmes is correct as of any time subsequent to the date indicated in the document containing the same. The JPAs/JLAs/JLMs expressly do not undertake to review the financial condition or affairs of the Issuer during the tenor of the Sukuk Musharakah Programmes or to advise any investor of the Sukuk Musharakah of any information coming to their attention. The recipient of this Information

Memorandum or any potential investor should review, inter alia, the most recently published information on the Issuer or the Sukuk Musharakah Programmes when deciding whether or not to purchase or subscribe for any of the Sukuk Musharakah.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are estimated based on or derived from sources mentioned in the Information Memorandum. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources. Certain statements are forward-looking in nature and are subject to risks and uncertainties, including, among others, discussions on the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the Board of the Issuer believe that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. In light of all these, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

### **Acknowledgement**

The Issuer hereby acknowledges that it has authorised the JPAs/JLAs/JLMs to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Sukuk Musharakah to prospective investors and that no further evidence of authorisation is required.

### **Statements of Disclaimer by the Securities Commission Malaysia**

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the SC, which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Musharakah in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the approval of the SC.

By the letters dated 9 July 2014 and 13 November 2014 by SC to Affin Hwang IB and Maybank IB, the SC has approved the issuance of the Sukuk Musharakah under the Sukuk Musharakah Programmes. Please note that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Musharakah.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

### **Statements of Disclaimer on Shariah Pronouncement**

The pronouncement dated 2 July 2014 issued by Maybank Islamic Berhad ("**Shariah Adviser**") confirming that, in its view, the structure and mechanism of the Sukuk Musharakah are in compliance with the principles of Shariah and it thereby approved the Sukuk Musharakah Programmes.

The JPAs/JLAs/JLMs have not independently verified the pronouncement and the JPAs/JLAs/JLMs have not accepted and will not accept any responsibility for the pronouncement and shall not be liable for any consequences of reliance on the pronouncements.

Prospective investors should not rely on the pronouncement referred to above in deciding whether to make an investment in the Sukuk Musharakah Programmes and should consult their own Shariah advisers as to whether the proposed transaction described in the pronouncement referred to above is in compliance with Shariah principles.

**EACH ISSUE OF THE SUKUK MUSHARAKAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE ON THEIR RESPECTIVE MERITS AND RISKS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK MUSHARAKAH.**

#### **Documents incorporated by reference**

All supplements or amendments to this Information Memorandum which are circulated by the Issuer from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Information Memorandum.

#### **CONFIDENTIALITY**

##### **To the recipients of this Information Memorandum:**

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the Sukuk Musharakah Programmes and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the JPAs/JLAs/JLMs.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient of this Information Memorandum, the recipient's professional advisors, directors, employees and any other persons concerned with the Sukuk Musharakah Programmes.

The recipients must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to the JPAs/JLAs/JLMs promptly upon any of the JPAs/JLAs/JLMs' request, unless that recipient provides proof of a written undertaking satisfactory to the JPAs/JLAs/JLMs with respect to destroying as soon as reasonably practicable after the said request from the JPAs/JLAs/JLMs.

*The remainder of this page is intentionally left blank*

## **PRIVACY NOTICE**

Affin Hwang IB and Maybank IB are committed to comply with the Personal Data Protection Act 2010 which came into force on 15 November 2013.

Affin Hwang IB and Maybank IB are required to issue Privacy Notice to any person for the use and processing of personal information of such person. The Privacy Notice is enclosed herewith as Appendix 4.

In respect of a person which is a body corporate, the consent and authority of their directors, shareholders, authorised signatories and officers are deemed to have been duly obtained to provide the personal data (as defined under the Personal Data Protection Act 2010) as required by Affin Hwang IB and Maybank IB.

*The remainder of this page is intentionally left blank*

## TABLE OF CONTENTS

Particulars	Page
<b>DEFINITIONS AND ABBREVIATIONS</b>	<b>IX</b>
<b>SECTION 1</b>	
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
1.1 THE ISSUER	1
1.2 THE SUKUK MUSHARAKAH PROGRAMMES	2
1.3 UTILISATION OF PROCEEDS	4
1.4 CREDIT RATING	4
<b>SECTION 2</b>	
<b>PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MUSHARAKAH PROGRAMMES</b>	<b>5</b>
<b>SECTION 3</b>	
<b>CORPORATE INFORMATION OF NORTHPORT</b>	<b>29</b>
3.1 CORPORATE HISTORY OF NORTHPORT	29
3.2 PRINCIPAL ACTIVITIES OF NORTHPORT AND ITS SUBSIDIARIES	29
3.3 SHARE CAPITAL AND SHAREHOLDING STRUCTURE	29
3.4 SHAREHOLDING STRUCTURE OF NORTHPORT	30
3.5 PROFILE OF DIRECTORS	31
3.6 SENIOR MANAGEMENT	36
<b>SECTION 4</b>	
<b>INVESTMENT CONSIDERATIONS</b>	<b>37</b>
4.1 INVESTMENT CONSIDERATIONS RELATING TO NORTHPORT	37
4.2 INVESTMENT CONSIDERATIONS RELATING TO THE SUKUK MUSHARAKAH	40
4.3 GENERAL INVESTMENT CONSIDERATIONS	41
<b>SECTION 5</b>	
<b>BUSINESS OVERVIEW OF NORTHPORT</b>	<b>43</b>
5.1 HISTORY AND BACKGROUND OF NORTHPORT	43
5.2 BUSINESS OVERVIEW	43
5.3 PORT OPERATIONS	46
5.4 MAJOR CUSTOMERS	47
5.5 FUTURE BUSINESS PLAN	48
<b>SECTION 6</b>	
<b>INDUSTRY OVERVIEW</b>	<b>50</b>
6.1 ECONOMIC AND FINANCIAL DEVELOPMENTS IN MALAYSIA IN THE SECOND QUARTER OF 2014	50
6.2 OVERVIEW AND OUTLOOK OF THE PORT INDUSTRY	52
6.3 ECONOMIC PROSPECTS AND PERFORMANCE – SECTORAL PERFORMANCE	56
<b>SECTION 7</b>	
<b>SELECTED FINANCIAL INFORMATION</b>	<b>58</b>
<b>SECTION 8</b>	
<b>OTHER MATERIAL INFORMATION</b>	<b>60</b>
8.1 MATERIAL CONTRACTS AS AT 1 OCTOBER 2014	60
8.2 MATERIAL LITIGATION AS AT 1 OCTOBER 2014	60
8.3 MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES AS AT 1 OCTOBER 2014	60
8.4 POTENTIAL CONFLICT OF INTEREST AND APPROPRIATE MITIGATING MEASURES	60

**APPENDIX 1**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

**APPENDIX 2**

UNAUDITED PROFORMA AMALGAMATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

**APPENDIX 3**

UNAUDITED PROFORMA AMALGAMATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

**APPENDIX 4**

PRIVACY NOTICE

## DEFINITIONS AND ABBREVIATIONS

In this Information Memorandum, unless the subject of context otherwise requires, the following words and expressions shall have the following meanings:

"Affin Hwang IB"	Affin Hwang Investment Bank Berhad (formerly known as HwangDBS Investment Bank Berhad) (Company No. 14389-U).
"BNM"	Bank Negara Malaysia.
"Board"	the Board of Directors of Northport.
"Bursa Securities"	Bursa Malaysia Securities Berhad (Company No. 635998-W).
"CMSA"	the Capital Markets and Services Act 2007 ( <i>Act 671</i> ).
"Companies Act"	the Companies Act 1965 ( <i>Act 125</i> ).
"Facility Agent"	Maybank IB, in its capacity as the facility agent for the Sukuk Musharakah Programmes.
"FYE"	financial year ended or ending, as the case may be.
"Government"	the Government of Malaysia.
"Group"	Northport and/or any of its subsidiaries.
"GRT"	Gross Register Tonnage.
"ICP Programme"	the Islamic commercial papers programme of up to RM500.0 million in nominal value which shall, together with the IMTN Programme, be subject to a joint limit of RM1.5 billion in nominal value, under the Islamic principle of Musharakah.
"ICPs"	the Islamic commercial papers issued or to be issued pursuant to the ICP Programme.
"Independent Auditor"	Ernst & Young.
"Information Memorandum"	this Information Memorandum dated 18 November 2014 in respect of the Sukuk Musharakah Programmes.
"IMTN Programme"	the Islamic medium term notes programme of up to RM1.5 billion in nominal value which shall, together with the ICP Programme, be subject to a joint limit of RM1.5 billion in nominal value, under the Islamic principle of Musharakah.
"IMTNs"	the Islamic medium term notes issued or to be issued pursuant to the IMTN Programme.
"Issue Documents"	the issue documents in relation to the Sukuk Musharakah Programmes, of which the details are more particularly described in paragraph 2(y)(x) of Section 2 herein.
"Issuer"	Northport, in its capacity as the Issuer for the Sukuk Musharakah Programmes.

<b>"JPAs/JLAs/JLMs"</b>	collectively, Affin Hwang IB and Maybank IB, in their respective capacities as the joint principal advisers, the joint lead arrangers and the joint lead managers for the Sukuk Musharakah Programmes.
<b>"KCT"</b>	Kelang Container Terminal Sdn. Bhd. or Kelang Container Terminal Bhd., Klang Container Terminal Bhd. which are the former names of Northport before the conversion and change of name.
<b>"KPM"</b>	Klang Port Management Sdn. Bhd. (Company No. 224979-P).
<b>"MARC"</b>	Malaysian Rating Corporation Berhad (Company No. 364803-V).
<b>"Maybank IB"</b>	Maybank Investment Bank Berhad (Company No. 15938-H).
<b>"Maybank Islamic"</b>	Maybank Islamic Berhad (Company No. 787435-M).
<b>"Maybank Trustees"</b>	Maybank Trustees Berhad (Company No. 5004-P).
<b>"Minister"</b>	the Minister for the time being charged with the responsibility of ports.
<b>"National Land Code"</b>	the National Land Code 1965 ( <i>Act 56</i> ).
<b>"NCB"</b>	NCB Holdings Bhd. (Company No. 475221-K).
<b>"NDSB"</b>	Northport Distripark Sdn. Bhd. (Company No. 222172-W).
<b>"Northport"</b>	Northport (Malaysia) Bhd. (Company No. 146850-A).
<b>"North Port"</b>	A Malaysian international port located at the North Klang Straits in Port Klang, Selangor, Malaysia, which is equipped with container and conventional cargo handling facilities and operated by Northport.
<b>"Nominal Value"</b>	the nominal value of the specified Sukuk Musharakah referred to in the context it is used;
<b>"PAA"</b>	Port Authorities Act 1963 ( <i>Act 488</i> ).
<b>"PKA"</b>	Port Klang Authority.
<b>"PPA"</b>	Port (Privatisation) Act 1990 ( <i>Act 422</i> ).
<b>"Proforma Amalgamated Revenue"</b>	unaudited proforma amalgamated revenue of Northport and KPM that has been prepared for illustration purposes only on the basis set out in Section 7.3 of this Information Memorandum;
<b>"Obligor"</b>	Northport (Malaysia) Bhd. in its capacity as the Obligor for the Sukuk Programmes.
<b>"Rating Agency"</b>	MARC.
<b>"RM" and "sen"</b>	Ringgit Malaysia and sen, respectively.
<b>"SC"</b>	Securities Commission Malaysia.
<b>"Shariah Adviser"</b>	Maybank Islamic.
<b>"Solicitors"</b>	Messrs. Kadir, Andri & Partners, the solicitors to the JPAs/JLAs/JLMs.
<b>"Sukuk Guidelines"</b>	the Guidelines on Sukuk issued by the SC, revised and effective on 28 August 2014.

<b>"Sukuk Musharakah"</b>	collectively, the ICPs and IMTNs issued or to be issued by the Issuer pursuant to the Sukuk Musharakah Programmes.
<b>"Sukuk Musharakah Programmes"</b>	collectively, the ICP Programme and IMTN Programme, pursuant to which the Sukuk Musharakah will be issued.
<b>"Sukuk Trustee"</b>	Maybank Trustees.
<b>"South Port"</b>	A Malaysian international port located at the estuary of Klang River in Port Klang, Selangor, Malaysia, which is equipped with conventional cargo handling facilities and operated by Northport.
<b>"TEUs"</b>	Twenty-foot equivalent unit and in calculating TEUs, a 20' Container comprises 1 TEU.
<b>"UKAS"</b>	Public-Private Partnership Unit of Prime Minister's Department, Malaysia ( <i>Unit Kerjasama Awam Swasta</i> ).
<b>"1986 MoU"</b>	the Memorandum of Understanding dated 30 January 1986 between the Government, PKA and Northport.
<b>"1992 Privatisation Agreement"</b>	the Privatisation Agreement dated 30 November 1992 between the Government, PKA, KPM and Kontena Nasional Sdn. Bhd.
<b>"1994 Privatisation Agreement"</b>	the Privatisation Agreement dated 30 September 1994 between the Government, PKA and Northport.
<b>"2013 Interim KCT Privatisation"</b>	the Interim Privatisation Agreement dated 8 January 2014 entered into between the Government, PKA and Northport.
<b>"2013 Licence"</b>	the Licence granted to Northport under Section 3(2)(v) of the PAA and Section 9(3)(a) of the PPA to provide port facilities and services and operate the container handling business at North Port and South Port, Port Klang, Selangor which shall come into force on 1 December 2013 and shall terminate on 30 November 2014.
<b>"2014 Interim Privatisation Agreement"</b>	the Interim Privatisation Agreement dated 28 March 2014 entered into between the Government, PKA and Northport.

Words denoting (a) the singular shall, where applicable, include the plural and vice versa; (b) one gender only shall include the other gender; and (c) a person includes any individual, company, unincorporated association, government, state agency, international organisation or other entity.

Unless otherwise indicated, any reference in this Information Memorandum to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation), rules, statute or statutory provision shall be construed as a reference to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

*The remainder of this page is intentionally left blank*

## **SECTION 1 EXECUTIVE SUMMARY**

*This summary below aims to provide an overview of the information contained in this Information Memorandum and must be read in conjunction with the detailed information and statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices.*

### **1.1 THE ISSUER**

The Issuer was incorporated in Malaysia on 30 October 1985 under the Companies Act as a private company limited by shares under the name of "Kelang Container Terminal Sdn. Bhd.". This name was later changed to "Kelang Container Terminal Bhd.", pursuant to its listing on the Main Board of Bursa Securities in November 1992. Subsequently, the name was changed to "Klang Container Terminal Bhd." on 2 November 1998.

Through an equity restructuring exercise completed in August 2000, the Issuer became a wholly-owned subsidiary of NCB and was delisted. The listing status was thereafter transferred to NCB. Following completion of the operational merger with its wholly-owned subsidiary, KPM, in 2002, the Issuer adopted a name change to "Northport (Malaysia) Bhd." which is the single brand name encompassing the combined businesses of the Issuer and KPM.

Northport is principally involved in the management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises, dockyard operations and other ancillary services. Its registered address is Jalan Pelabuhan, Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.

The Group provides dedicated and modern multipurpose port facilities and services located at the following two (2) locations in Port Klang:

- (i) North Port – container and conventional cargo handling facilities; and
- (ii) South Port– conventional cargo handling facilities.

Port Klang has played a critical role in establishing growth in Malaysia's trade and is projected to continue to do so in the future. Port Klang has risen from the 54<sup>th</sup> largest container port in the world in 1986 to 13<sup>th</sup> position in 2013.

The Group played an essential role in elevating Port Klang as one of Malaysia's key gateways, handling from 242,000 TEU in 1986 to its peak of 3.3 million TEU in 2010 comprising of 1.5 million TEUs of export/import container traffic and 1.4 million TEUs of transshipment traffic. In 2013, the Group handled 25% of Malaysia's total domestic container traffic and 42% of Port Klang's total domestic traffic; the remaining was handling of Empty and Restow containers. North Port is currently ranked third in Malaysia in terms of container capacity.

As testament of its excellence, Northport was awarded the "The Top Ten Most Preferred Brand" for the 2008 SMEs Chapter Awards, Asia's Best Container Terminal (under 4 million TEUs) in 2009, 2009 Smart Partnership Award, Best Multipurpose Port Operator of the Year award in 2009, Human Resource Development Award 2009 for the Major Employer (Services) category, Top 10 Masters Awards in 2010, 2010 Best Container Terminal Award for the Asian region in the under 4 million TEU's per annum category, The Malaysian Institute of Logistics, -Malaysia Logistics Excellence Award 2011, Malaysia Achievement Awards 2012 (Special Achievement Category), Employer of Choice Award 2012 (Silver Category) and the Sustainable Port of The Year Award for 2014.

For further background information of the Issuer, please refer to Section 3 of this Information Memorandum.

## 1.2 THE SUKUK MUSHARAKAH PROGRAMMES

The Sukuk Musharakah will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, except those preferred by law and the Issue Documents.

The tenure of the ICP Programme shall be seven (7) years from the date of the first issue under the ICP Programme, and the tenure of the IMTN Programme shall be eighteen (18) years from the date of the first issue under the IMTN Programme. The issuance under the ICP Programme and the IMTN Programme are not conditional on the issuance of both.

The first issuance of the Sukuk Musharakah shall be within two (2) years from the date of the SC's approval and authorisation of the Sukuk Musharakah Programmes.

### **Brief description of the transaction structure**

In respect of the issuance of the Sukuk Musharakah, the investor(s) ("**Sukukholder(s)**") shall from time to time, via the Sukuk Trustee (as named in item 2(a)(vii) of Section 2 of this Information Memorandum), form a Musharakah partnership with Northport by entering into a Musharakah agreement as partners with Northport (each a "**Partner**" and collectively the "**Musharakah Partners**") for the purpose of undertaking a venture ("**Musharakah Venture**") to invest directly in an identified portion of the Shariah compliant general business of Northport ("**Business**") which involves the management of port activities, provided that the value of the Business identified under each issuance of the Sukuk Musharakah shall not exceed the proceeds for that particular issuance.

The Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint Northport as its manager to manage the Business for the Musharakah Venture (the "**Manager**") pursuant to a management agreement to be entered into between the Sukuk Trustee (on behalf of the Sukukholders) and Northport.

The Sukukholder(s) shall subscribe to the Sukuk Musharakah issued by Northport. Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the relevant Musharakah Venture. Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Meanwhile the Issuer will contribute the Business as capital contribution into the Musharakah Venture.

Simultaneously, Northport shall make a declaration that it holds in trust over all its interest in the Business (the "**Trust Assets**") for the benefit of the Sukukholders and itself ("**Declaration of Trust**").

Income from the Musharakah Venture shall be distributed to each Partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.

The expected return to the Sukukholders under the Musharakah Venture ("**Expected Return**") shall be the expected yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("**Maturity Date**"). In respect of Sukuk Musharakah with Periodic Distribution (as defined below), the income from the Musharakah Venture (after deducting the Issuer's entitlement to the income distribution) up to an amount equivalent to the expected profit rate of the nominal value of the Sukuk Musharakah for the relevant period ("**Periodic Distribution Amount**") shall be distributed semi-annually (or such other period of frequency as the Issuer and the JLMs/relevant investors may agree prior to each issuance of the Sukuk Musharakah) in each year to the Sukukholders in the form of periodic distribution ("**Periodic Distribution**"). In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the Periodic Distribution Amount, such excess shall be retained by the Manager as incentive fee. Any shortfall between the

Periodic Distribution Amount and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture shall be paid by Northport as a top up payment ("**Top up Payment**"). The Top up Payment will be set-off against the Exercise Price (as defined below) payable by the Obligor (as defined below) under the Sale Agreement (as defined below) following the exercise of the Purchase Undertaking (as defined below).

In respect of Sukuk Musharakah without Periodic Distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("**One-off Distribution**") on the Maturity Date or the date of declaration of a Dissolution Event (as set out in item 2(v) in Section 2 of the Information Memorandum, being an event which dissolves the Musharakah Venture ("**Dissolution Date**"), whichever is applicable. In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the One-off Distribution, such excess shall be retained by the Manager as incentive fee. Any shortfall between the One-off Distribution and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture for such relevant period shall be paid by Northport as Top up Payment of the Exercise Price. The Top up Payment will be set off from the Exercise Price payable by the Obligor under the Sale Agreement following the exercise of the Purchase Undertaking.

The Issuer as Obligor (the "**Obligor**") shall also grant to the Sukuk Trustee (for and on behalf of the Sukukholders) a purchase undertaking ("**Purchase Undertaking**") whereby the Obligor shall undertake to purchase the Sukukholders' undivided proportionate interest in the Musharakah Venture at the Exercise Price on the Maturity Date or the Dissolution Date, whichever is earlier, by executing a sale agreement ("**Sale Agreement**").

On the Maturity Date or the Dissolution Date, whichever is earlier, the Musharakah Venture and the trust in relation to the Declaration of Trust will be immediately dissolved.

### **Exercise Price**

The Exercise Price shall be determined based on the following formula, upon the Maturity Date or the Dissolution Date:

#### **(a) On Maturity Date**

##### **(i) In the case of Sukuk Musharakah with Periodic Distribution**

Exercise Price = Musharakah Capital plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture;

##### **(ii) In the case of Sukuk Musharakah without Periodic Distribution**

Exercise Price = Musharakah Capital plus Expected Return less One-off Distribution made and received from the Musharakah Venture

#### **(b) On Dissolution Date**

##### **(i) In the case of Sukuk Musharakah with Periodic Distribution**

Exercise Price = Musharakah Capital plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture;

##### **(ii) In the case of Sukuk Musharakah without Periodic Distribution**

Exercise Price = Musharakah Capital plus Expected Return less One-off Distribution made and received from the Musharakah Venture

For purposes of this sub-paragraph (b), Expected Return shall be calculated up to the Dissolution Date.

"**Musharakah Capital**" shall mean an amount equal to the actual proceeds received from the Sukukholders upon issuance of the Sukuk Musharakah.

Top up Payment will be set off against the Exercise Price payable by the Obligor under the Sale Agreement following the exercise of the Purchase Undertaking.

Kindly refer to the principal terms and conditions of the Sukuk Musharakah Programmes set out in Section 2 of this Information Memorandum for the terms that have not been defined above.

### 1.3 UTILISATION OF PROCEEDS

The proceeds raised under the Sukuk Musharakah Programmes shall be utilised by Northport and/or any of its subsidiaries ("**Group**") for the following Shariah-compliant purposes:

<b>Purpose</b>	<b>Amount Up To (RM 'mil)</b>
(i) For financing of capital expenditure <sup>(1)</sup>	1,000
(ii) Refinance existing financing <sup>(2)</sup>	200
(iii) General working capital <sup>(3)</sup>	300
<b>TOTAL</b>	<b>1,500</b>

Notes:

- (1) Capital expenditure for port infrastructure includes both static and moveable assets and related expenditures to these assets for the operation of port terminal.
- (2) Bridging financing of up to RM200.0 million provided by Affin Islamic Bank Berhad.
- (3) Any undrawn amount under (ii) and (iii) may be utilised for item (i) above.

### 1.4 CREDIT RATING

The ICP Programme and the IMTN Programme have been assigned preliminary ratings of MARC-1<sub>IS</sub> and AA-<sub>IS</sub> respectively by the Rating Agency via its letter dated 30 September 2014.

*The remainder of this page is intentionally left blank*

## SECTION 2 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MUSHARAKAH PROGRAMMES

Words and expressions used and defined in this Section 2 shall, in the event of any inconsistency with the Definitions and Abbreviation section of this Information Memorandum, be applicable for this Section 2 only.

### 1. BACKGROUND INFORMATION

#### (a) Issuer

- (i) *Name* : Northport (Malaysia) Bhd. ("**Northport**")
- (ii) *Address* : Jalan Pelabuhan  
Pelabuhan Utara  
42000 Pelabuhan Klang  
Selangor Darul Ehsan
- (iii) *Business Registration No.* : 146850-A
- (iv) *Date and Place of Incorporation* : 30<sup>th</sup> October 1985 in Malaysia
- (v) *Date of Listing* : Not applicable
- (vi) *Status of Residence* : Resident controlled company
- (vii) *Principal Activities* : The principal activity of the Issuer is the management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises, dockyard operations and other ancillary services.
- (viii) *Board of Directors as at 1 October 2014* : 1. Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Hj Wan Yaacob  
2. Datin Paduka Juma'ah binti Moktar  
3. Datuk Wan Awang bin Wan Yaacob  
4. Dato' Zuraidah binti Atan  
5. Dato' Kumaran a/l Santhivaloo  
6. Dato' Halipah binti Esa  
7. Pn. Hjh. Armi binti Zainudin  
8. Dato' Idris bin Kechot  
9. Tuan Hj. Abi Sofian bin Abdul Hamid

- (ix) *Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders as at 1 October 2014* :

Name	No. of Shares held	% of shareholding
NCB Holdings Bhd	308,530,432 ordinary shares	100
Minister of Finance (Incorporated)	1 special share	Negligible
<b>Total</b>	<b>308,530,433</b>	<b>100</b>

(x) *Authorised, Issued and Paid-up Share Capital as at 1 October 2014* : **Authorised Share Capital as at 1 October 2014**  
RM500,000,000 divided into 499,999,999 units of ordinary shares of RM1 each and 1 unit of Special Share\* of RM1 each.

**Issued and Paid-up Share Capital as at 1 October 2014**

RM308,530,433 divided into 308,530,432 units of ordinary shares of RM1 each and 1 unit of Special Share\* of RM1 each.

*\* The Special Share, which may only be held by the Minister of Finance (Incorporated) or its successors or any Minister, representative, or any person acting on behalf of the Government of Malaysia, carries certain special rights as provided by Article 6B of Northport's Articles of Association.*

(xi) *Disclosure of the following:*

- *if the Issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five (5) years prior to the date of application; and* : Nil.

- *if the Issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five (5) years prior to the date of application* : Nil.

## 2. PRINCIPAL TERMS AND CONDITIONS

### (a) Names of parties involved in the proposed transaction (where applicable)

- (i) *Joint Principal Advisers* : Affin Hwang Investment Bank Berhad (formerly known as HwangDBS Investment Bank Berhad) ("**Affin Hwang IB**") and Maybank Investment Bank Berhad ("**Maybank IB**").
- (ii) *Joint Lead Arrangers* : Affin Hwang IB and Maybank IB (collectively, the "**JLAs**").
- (iii) *Co-arranger* : Not applicable.
- (iv) *Solicitor* : Kadir, Andri & Partners, the solicitors to the JLAs.
- (v) *Financial Adviser* : Not applicable.
- (vi) *Technical Adviser* : Not applicable.
- (vii) *Sukuk Trustee* : Maybank Trustees Berhad.
- (viii) *Shariah Adviser* : Maybank Islamic Berhad ("**Maybank Islamic**").
- (ix) *Guarantor* : Not applicable.
- (x) *Valuer* : Not applicable.
- (xi) *Facility Agent* : Maybank IB.
- (xii) *Primary Subscriber (under a bought-deal arrangement) and amount subscribed* : To be determined prior to each issuance (in the event of a bought deal arrangement).
- (xiii) *Underwriter and amount underwritten* : Not applicable.
- (xiv) *Central Depository* : Bank Negara Malaysia ("**BNM**").
- (xv) *Paying Agent* : BNM.
- (xvi) *Reporting Accountant* : Nil.
- (xvii) *Calculation Agent* : Not applicable.
- (xviii) *Others (please specify)* : Joint Lead Managers ("**JLMs**")  
Affin Hwang IB and Maybank IB.

#### Tender Panel Members ("**TPMs**")

To be appointed and to whom an issue of or offer or invitation to subscribe the ICPs (as defined in item 2(c) below) would fall within the Selling Restrictions (as set out in item 2(q) below).

#### Independent Auditor ("**IA**")

Ernst & Young.

- (b) **Islamic Principles Used** : Musharakah.
- (c) **Facility Description** : Sukuk issuance programmes under the Islamic principle of Musharakah which comprises two programmes, which are the following:
- (i) Islamic Commercial Papers Programme of up to RM500 Million in nominal value ("**ICP Programme**"); and
  - (ii) Islamic Medium Term Notes Programme of up to RM1.5 Billion in nominal value ("**IMTN Programme**");

subject to a joint limit of RM1.5 billion in nominal value.

The Islamic commercial papers ("**ICPs**") and the Islamic medium term notes ("**IMTNs**") are collectively referred to as "**Sukuk Musharakah**". The ICP Programme and IMTN Programme are collectively referred to as "**Sukuk Musharakah Programmes**".

The tenure of the ICP Programme shall be seven (7) years from the date of the first issue under the ICP Programme, and the tenure of the IMTN Programme shall be eighteen (18) years from the date of the first issue under the IMTN Programme.

The first issuance of the Sukuk Musharakah shall be within two (2) years from the date of the SC's authorisation. The issuance under the ICP Programme and the IMTN Programme are not conditional on the issuance of both.

#### **Underlying transaction**

In respect of the issuance of the Sukuk Musharakah, the investor(s) ("**Sukukholder(s)**") shall from time to time, via the Sukuk Trustee, form a Musharakah partnership by entering into a Musharakah agreement as partners with Northport (each a "**Partner**" and collectively the "**Musharakah Partners**") for the purpose of undertaking a venture ("**Musharakah Venture**") to invest directly in an identified portion of the Shariah compliant general business of Northport ("**Business**") which involves the management of port activities, provided that the value of the Business identified under each issuance of the Sukuk Musharakah shall not exceed the proceeds for that particular issuance.

The Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint Northport as its manager to manage the Business for the Musharakah Venture (the "**Manager**") pursuant to a management agreement to be entered into between the Sukuk Trustee (on behalf of the Sukukholders) and Northport.

The Sukukholder(s) shall subscribe to the Sukuk Musharakah issued by Northport. Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the relevant Musharakah Venture. Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Meanwhile the Issuer will contribute the Business as capital contribution into the Musharakah Venture.

Simultaneously, Northport shall make a declaration that it holds in trust over all its interest in the Business (the "**Trust Assets**") for the benefit of the Sukukholders and itself ("**Declaration of Trust**").

Income from the Musharakah Venture shall be distributed to each Partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.

The expected return to the Sukukholders under the Musharakah Venture ("**Expected Return**") shall be the expected yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("**Maturity Date**"). In respect of Sukuk Musharakah with Periodic Distribution (as defined below), the income from the Musharakah Venture (after deducting the Issuer's entitlement to the income distribution) up to an amount equivalent to the expected profit rate of the nominal value of the Sukuk Musharakah for the relevant period ("**Periodic Distribution Amount**") shall be distributed semi-annually (or such other period of frequency as the Issuer and the JLMs/relevant investors may agree prior to each issuance of the Sukuk Musharakah) in each year to the Sukukholders in the form of periodic distribution ("**Periodic Distribution**"). In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the Periodic Distribution Amount, such excess shall be retained by the Manager as incentive fee. Any shortfall between the Periodic Distribution Amount and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture shall be paid by Northport as a top up payment ("**Top up Payment**"). The Top up Payment will be set-off against the Exercise Price (as defined below) payable by the Obligor (as defined below) under the Sale Agreement (as defined below) following the exercise of the Purchase Undertaking (as defined below).

In respect of Sukuk Musharakah without Periodic Distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("**One-off Distribution**") on the Maturity Date or the date of declaration of a Dissolution Event (as set out in item 2(v) below), being an event which dissolves the Musharakah Venture ("**Dissolution Date**"), whichever is applicable. In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the One-off Distribution, such excess shall be retained by the Manager as incentive fee. Any shortfall between the One-off Distribution and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture for such relevant period shall be paid by Northport as Top up Payment of the Exercise Price. The Top up Payment will be set off from the Exercise Price payable by the Obligor under the Sale Agreement following the exercise of the Purchase Undertaking.

The Issuer as Obligor (the "**Obligor**") shall also grant to the Sukuk Trustee (for and on behalf of the Sukukholders) a purchase undertaking ("**Purchase Undertaking**") whereby the Obligor shall undertake to purchase the Sukukholders' undivided proportionate

interest in the Musharakah Venture at the Exercise Price on the Maturity Date or the Dissolution Date, whichever is earlier, by executing a sale agreement ("**Sale Agreement**").

On the Maturity Date or the Dissolution Date, whichever is earlier, the Musharakah Venture and the trust in relation to the Declaration of Trust will be immediately dissolved.

### **Exercise Price**

The Exercise Price shall be determined based on the following formula, upon the Maturity Date or the Dissolution Date:

#### **(a) On Maturity Date**

- (i) In the case of Sukuk Musharakah with Periodic Distribution

Exercise Price = Musharakah Capital plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture;

- (ii) In the case of Sukuk Musharakah without Periodic Distribution

Exercise Price = Musharakah Capital plus Expected Return less One-off Distribution made and received from the Musharakah Venture

#### **(b) On Dissolution Date**

- (i) In the case of Sukuk Musharakah with Periodic Distribution

Exercise Price = Musharakah Capital plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture;

- (ii) In the case of Sukuk Musharakah without Periodic Distribution

Exercise Price = Musharakah Capital plus Expected Return less One-off Distribution made and received from the Musharakah Venture

For purposes of this sub-paragraph (b), Expected Return shall be calculated up to the Dissolution Date.

**"Musharakah Capital"** shall mean an amount equal to the actual proceeds received from the Sukukholders upon issuance of the Sukuk Musharakah.

Top up Payment will be set off against the Exercise Price payable by the Obligor under the Sale Agreement following the exercise of the Purchase Undertaking.

A diagrammatical illustration of the transaction and the other terms and conditions are set out in **Appendix 1**.

(d) **Identified Assets** : The identified assets for each issue of Sukuk Musharakah under the Sukuk Musharakah Programmes will be Shariah-compliant Business provided by the Issuer.

The Business shall be endorsed by the Shariah Adviser.

(e) **Purchase and selling price/rental (where applicable)** : Not applicable.

(f) **Issue/Programme Size** ICP Programme

Up to RM500 million nominal value.

IMTN Programme

Up to RM1.5 billion nominal value.

The joint outstanding nominal value of the Sukuk Musharakah issued under the Sukuk Musharakah Programmes shall not exceed RM1.5 billion at any point in time.

The joint limit for the Sukuk Musharakah Programmes shall be reduced according to a reduction schedule ("**Reduction Schedule**") as set out below:

<b>Reduction Date (Anniversary from the date of first issue )</b>	<b>Reduction/ Repayment (RM' mil)</b>	<b>Available Limit (RM' mil)</b>
Issue date	-	1,500
16	250	1,250
17	250	1,000
18	1,000	0

(g) **Tenure of Issue/Sukuk Programme** : ICP Programme

Seven (7) years from the date of the first issue under the ICP Programme provided the first issue of the ICP under the ICP Programme shall be made within two (2) years from the date of authorisation by the SC.

ICPs

Each ICP shall have a tenure of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months, provided that the ICPs mature on or prior to the expiry of the ICP Programme.

IMTN Programme

Eighteen (18) years from the date of the first issue under the IMTN Programme provided the first issue of the IMTN under the IMTN Programme shall be made within two (2) years from the date of authorisation by the SC.

IMTNs

Each IMTN shall have a tenure of more than one (1) year and up to eighteen (18) years, provided that the IMTNs mature on or prior

to the expiry of the IMTN Programme.

The tenure of each ICP and IMTN to be issued under the ICP Programme and IMTN Programme will be determined prior to the issue date.

- (h) **Availability period of Sukuk Programme** : ICP Programme
- The period commencing from the date the conditions precedent of the Sukuk Musharakah Programmes are fulfilled or waived (as the case may be) and ending on the date falling six (6) years and eleven (11) months after the date of the first (1<sup>st</sup>) issuance of the ICPs under the ICP Programme.
- IMTN Programme
- The period commencing from the date the conditions precedent of the Sukuk Musharakah Programmes are fulfilled or waived (as the case may be) and ending on the date falling seventeen (17) years after the date of the first (1<sup>st</sup>) issuance of the IMTNs under the IMTN Programme.
- (i) **Profit/Coupon/ Rental Rate** : Sukuk Musharakah without Periodic Distribution
- Not applicable.
- Sukuk Musharakah with Periodic Distribution
- To be determined prior to each issuance of the Sukuk Musharakah.
- (j) **Profit/Coupon/ Rental Payment frequency** : Sukuk Musharakah without Periodic Distribution
- Not applicable.
- Sukuk Musharakah with Periodic Distribution
- Semi-annual or such other period of frequency as the Issuer and the JLMs/relevant investors may agree prior to each issuance of the Sukuk Musharakah.
- (k) **Profit/Coupon/ Rental Payment Basis** : Sukuk Musharakah without Periodic Distribution
- Not applicable.
- Sukuk Musharakah with Periodic Distribution
- The Periodic Distribution shall be calculated on the basis of actual/actual days.
- (l) **Security/Collateral (where applicable)** : None.

- (m) **Details on utilisation of proceeds by Issuer** : The proceeds raised under the Sukuk Musharakah Programmes shall be utilised by Northport and/or any of its subsidiaries ("**Group**") for the following Shariah-compliant purposes:-

<b>Purpose</b>	<b>Amount Up To (RM 'mil)</b>
(i) For financing of capital expenditure <sup>(1)</sup>	1,000
(ii) Refinance existing financing <sup>(2)</sup>	200
(iii) General working capital <sup>(3)</sup>	300
<b>TOTAL</b>	<b>1,500</b>

**Note:**

1. Capital expenditure for port infrastructures covering both static and moveable assets and related expenditures to these assets for the operation of port terminal.
2. Bridging financing of up to RM200.0 million provided by Affin Islamic Bank Berhad ("**Bridging Financing**").
3. Any undrawn amount under (ii) and (iii) may be utilised for item (i) above.

- (n) **Sinking Fund and Designated Accounts (where applicable)** : **Finance Service Reserve Accounts ("FSRAs")**

The Issuer shall be required to open the Shariah-compliant FSRAs with Maybank Islamic and the FSRAs shall be operated solely by the Facility Agent. The Issuer shall maintain the following minimum balance in the FSRAs in the following manner:

- (a) FSRA 1 - a minimum balance equivalent to the aggregate of the Periodic Distributions due and payable under the Sukuk Musharakah during the next six (6) months ("**Minimum FSRA Balance 1**"); and
- (b) FSRA 2 - a minimum balance equivalent to the Sukuk Musharakah due on the scheduled Reduction Date as per the Reduction Schedule under item 2(f) above ("**Minimum FSRA Balance 2**"), which amount shall be progressively built up by the Issuer in the following manner:

<b>Minimum Required Balance</b>	<b>Month(s) to due date</b>
50%	3
100%	1

For the avoidance of doubt, if the outstanding amount of the Sukuk Musharakah prior to build up of Minimum FSRA Balance 2 is less than the Available Limit (as detailed in item 2(f) above) of the Sukuk Musharakah after the relevant mandatory reduction, the Issuer does not have to build up the Minimum FSRA Balance 2.

Funds standing to the credit of the FSRA 1 may be utilised for making any Periodic Distribution and when withdrawals from the FSRA 1 result in a shortfall in the Minimum FSRA Balance 1, the Issuer shall, within thirty (30) days from the date of withdrawal is made, deposit into the FSRA 1 such amount of monies necessary to maintain the Minimum FSRA Balance 1. Failure to meet the Minimum FSRA Balance 1 within thirty (30) days as stipulated above will result in a Dissolution Event followed by obligations of the Obligor pursuant to the Purchase Undertaking.

In addition, failure to meet the Minimum FSRA Balance 2 required under FSRA 2, within the relevant due dates will result in a Dissolution Event.

Upon the declaration of a Dissolution Event, monies standing to the credit of the FSRAs shall be distributed to the Sukukholders as the FSRAs forms part of the Trust Assets.

### **Escrow Account**

The Issuer will open a Shariah-compliant bank account called the Escrow Account ("**Escrow Account**") for the purposes of remitting and/or depositing all issuance proceeds under the Sukuk Musharakah. The Escrow Account will be solely operated by the Facility Agent.

In respect of proceeds derived from the Sukuk Musharakah, the Issuer may only withdraw sums from the Escrow Account in accordance with the application of issue proceeds as set out under item 2(m).

Drawing from Escrow Account however may be only made by the Issuer in accordance with the following provisions:

- (a) in respect of the first issuance of the Sukuk Musharakah, withdrawal for capital expenditure based on documentary evidence which shall be dated no more than eighteen (18) months before the date of the issue request;
- (b) in respect of subsequent issuances of the Sukuk Musharakah, withdrawal for capital expenditure based on documentary evidence which shall be dated no more than six (6) months before the date of the issue request;
- (c) withdrawal for refinancing of existing financing (i.e. bridging financing) based on redemption statement from the existing financier; and
- (c) withdrawal is for the purpose of general working capital.

#### **(o) Rating**

- **Credit Rating Assigned and whether the rating is final or indicative** : ICP Programme  
Preliminary rating of MARC-1<sub>IS</sub>.  
IMTN Programme  
Preliminary rating of AA-<sub>IS</sub>.
- **Name of Rating Agency** : Malaysian Rating Corporation Berhad ("**MARC**").

#### **(p) Mode of Issue** : ICPs

Via tender by the TPMs, private placement on a best efforts basis or bookrunning on a best efforts basis or bought deal basis.

#### IMTNs

Via private placement on a best efforts basis or bookrunning on a best efforts basis or bought deal basis.

Issuance of the Sukuk Musharakah shall be computed in accordance with (1) the "Participation and Operation Rules for Payments and Securities Services" issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**" or its successors-in-title or successor in such capacity) ("**MyClear Rules**" as may be amended or substituted from time to time) and (2) the "Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**" as may be amended and/or substituted from time to time), (collectively, "**MyClear Rules and Procedures**"; and (3) any other procedures/guidelines/rules issued by the relevant authorities from time to time (as the same may be amended and/or substituted from time to time).

- (q) ***Selling Restriction, including tradability, i.e. whether tradable or non-tradable*** : The Sukuk Musharakah are tradable and transferable subject to the Selling Restriction described below.

Selling Restriction

The Sukuk Musharakah may only be issued, offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe to the Sukuk Musharakah and to whom the Sukuk Musharakah are issued would:

- 1) at the point of issuance of the Sukuk Musharakah fall within:
  - (i) Schedule 6 (or Section 229(1)(b)) of the Capital Markets & Services Act 2007 ("**CMSA**") or Schedule 7 (or Section 230(1)(b)) of the CMSA; read together with
  - (ii) Schedule 9 (or Section 257(3)) of the CMSA.
- 2) after the issuance of the Sukuk Musharakah fall within:
  - (i) Schedule 6 (or Section 229(1)) of the CMSA; read together with
  - (ii) Schedule 9 (or Section 257(3)) of the CMSA.

- (r) ***Listing Status and types of Listing (where applicable)*** : The Sukuk Musharakah may in the future be listed on Bursa Malaysia Securities Berhad under the Exempt Regime.

- (s) ***Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase Sukuk, and whether or not obtained*** : None.

- (t) ***Conditions Precedent*** : The conditions precedent to establish the Sukuk Musharakah Programmes shall be as set out below (unless waived by the JLAs):

Conditions Precedent for First Issuance

- (i) The issue documents and other relevant documents pertaining to the Sukuk Musharakah (collectively referred to hereafter as the "**Issue Documents**") have been signed and

where applicable stamped and presented for registration with the relevant registries;

- (ii) A certified true copy of the board of directors' resolution of the Issuer authorising, inter alia, the execution of the Issue Documents and the performance and carrying out of the transactions contemplated therein;
- (iii) A certified true copy each of the Certificate of Incorporation, Memorandum and Articles of Association and the latest Forms 24 and 49 of the Issuer;
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (v) Certification issued by the Issuer in the form prescribed by the JLAs confirming the accuracy of the representations and warranties contained in the Issue Documents in all respect;
- (vi) Confirmation from the Issuer that no Dissolution Event has occurred and is continuing or shall occur if the relevant issuance is made;
- (vii) Receipt of due diligence reports on the Issuer;
- (viii) Written approval from the Securities Commission ("**SC**") and any other relevant authorities pursuant to any relevant guidelines issued and to be issued from time to time by the SC or any other authorities having jurisdiction over matters pertaining to the Sukuk Musharakah Programmes;
- (ix) The endorsement from the Shariah Adviser that the Sukuk Musharakah Programmes and the Issue Documents are in compliance with Shariah principles;
- (x) A report of the relevant company search and winding up search on the Issuer stating that there are no winding-up orders made against the Issuer;
- (xi) Documentary evidence that the FSRA 1 and FSRA 2 has been opened with Maybank Islamic in accordance with the provisions of the Issue Documents and documentary evidence evidencing that the relevant Minimum FSRA Balance 1 will be deposited into the FSRA 1 upon first issue of the Sukuk Musharakah;
- (xii) A written legal opinion from the Solicitors addressed to the Joint Lead Arrangers, confirming with respect to, amongst others, that:
  - The Issue Documents are legal, valid, binding and enforceable and all the conditions precedent have been fulfilled or waived; and
  - All approvals/consents (both regulatory or contractual) which are required shall have been duly obtained for the Sukuk Musharakah and for the execution of the Issue Documents;
- (xiii) The Sukuk Musharakah Programmes shall have received a

minimum short term rating of MARC-1<sub>IS</sub> and a minimum long term rating of AA-<sub>IS</sub> from MARC;

- (xiv) Evidence that all transaction fees, costs and expenses due from the Issuer have been or shall be paid in full;
- (xv) The certified true copies of the duly executed and stamped (a) interim privatisation agreement between the Government of Malaysia, Port Kelang Authority ("**PKA**") and Northport ("**Interim Privatisation Agreement**"); and (b) licence granted by PKA to Northport pursuant thereto;
- (xvi) Documentary evidence for financing of capital expenditure to be funded under the Sukuk Musharakah Programmes, which shall be dated no more than eighteen (18) months before the date of the issue request;
- (xvii) Receipt of the redemption statement and consent, if necessary, from the existing financier of the Bridging Financing to redeem the Bridging Financing utilising the proceeds raised under the Sukuk Musharakah Programmes;
- (xviii) Documentary evidence that the Escrow Account has been opened in accordance with the provisions of the Issue Documents; and
- (xix) Such other conditions precedent as may be advised by the Solicitors and agreed by the Issuer.

#### Conditions Precedent for Subsequent Issuance

- (i) Confirmation from the Issuer that the representation and warranties still remain true and correct in all respect;
- (ii) Confirmation from the Issuer that no Dissolution Event has occurred and is continuing or shall occur if the relevant issuance is made;
- (iii) Documentary evidence evidencing that the relevant Minimum FSRA Balance 1 will be deposited into the FSRA 1 or there is sufficient funds in the FSRA 1 to meet the relevant Minimum FSRA Balance 1;
- (iv) Documentary evidence for financing of capital expenditure to be funded under the Sukuk Musharakah Programmes, where applicable, which shall be dated no more than six (6) months before the date of the issue request; and
- (v) Such other conditions precedent as may be advised by the Solicitors and agreed by the Issuer.

**(u) Representations and Warranties** : The representations and warranties by the Issuer to the Sukuk Trustee and the Sukukholders shall include but not be limited to the following:

- (i) that it is a company duly incorporated and validly existing under the laws of Malaysia and has the power and authority to own its assets and to conduct the business which it conducts;

- (ii) (a) its Memorandum and Articles of Association incorporate provisions which authorise; (b) all necessary corporate action have been taken to authorise; and (c) all authorisations of any government or other authority have been duly obtained and are in full force and effect which are required to authorise the Issuer, to own its assets, carry on its business as it is being conducted, and sign and deliver, and perform the transactions contemplated in the Issue Documents, and for the Issuer to issue the Sukuk Musharakah and to perform its obligations specified therein and under the Sukuk Musharakah in accordance with its terms;
  - (iii) there are no litigation or arbitration which would have a material adverse effect on the Issuer's financial ability to discharge its obligations in connection with the issuance of the Sukuk Musharakah;
  - (iv) it has the power to enter into, exercise its rights and perform and comply with its obligations under the Trust Deed and for it to issue and perform and comply with its obligations under the Issue Documents; and
  - (v) such other representations and warranties typical and customary for a facility of this nature as may be advised by the Solicitors and agreed by the Issuer which shall include without limitation to those in compliance with the SC's Trust Deeds Guidelines;
- (v) ***Events of Default, Dissolution Event and Enforcement Event (where applicable)*** : Dissolution Events for a facility of this nature shall include but not limited to the following:
- (i) where the Issuer is unable to distribute any amount that is payable from it under any of the Issue Documents on the due date; or
  - (ii) where the Issuer fails to observe or perform any of its obligations under the terms and conditions or provisions under the Issue Documents or any other related documents or under any undertaking arrangement entered into in connection therewith and the Issuer fails to remedy such failure to observe or perform any of its obligations within thirty (30) days of such failure; or
  - (iii) where any step or action is taken for the winding-up, dissolution or liquidation of the Issuer or a resolution to wind-up the Issuer has been passed and no action is taken in good faith to set aside or dispute such step or action in court within thirty (30) days from the date of service of such winding-up petition or the making of any order or the passing of any resolution for the winding-up, dissolution or liquidation of the Issuer; or
  - (iv) where an encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or any part of the business or assets of the Issuer and such appointment is not withdrawn or discharged within forty-five (45) days of such appointment; or
  - (v) where any of the indebtedness (for moneys borrowed/

financed from financial institutions) of the Issuer (1) becomes due and payable; or (2) capable of being declared due or payable before its stated maturity arising from the occurrence of an event of default; or (3) if any security created to secure any such indebtedness becomes enforceable; or

- (vi) where the Issuer defaults in the payment of any money owing in respect of the Sale Agreement pursuant to the Purchase Undertaking when the same shall become due and payable in accordance with the terms and conditions of the Trust Deed and the Purchase Undertaking; or
- (vii) where the Issuer convenes a meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors under Section 176 of the Companies Act, 1965; or
- (viii) where there is an expiry, cessation, withdrawal, invalidation, termination, revocation, withholding or modification of the Interim Privatisation Agreement or the new concession agreement, any license, permit, authorisation, approval, or consent (whichever is applicable) which in the reasonable opinion of the Sukuk Trustee may materially and adversely impair or prejudice the Issuer's ability to comply with the terms and conditions or the provisions of the Issue Documents or any other related documents; or
- (ix) where the Issuer fails to maintain the Minimum FSRA Balance 1 or the Minimum FSRA Balance 2 in accordance with the manner set out in item (n) above; or
- (x) such other events which are customary to a facility of this nature as may be advised by the Solicitors and agreed by the Issuer which shall include without limitation to those in compliance with the SC's Trust Deeds Guidelines.

Upon the occurrence of a Dissolution Event, or if a Dissolution Event has occurred and is continuing, the Sukuk Trustee may at its discretion and shall upon receipt of the relevant instructions from the Sukukholders as required under the Trust Deed, declare that a Dissolution Event has occurred whereupon the Sukuk Trustee shall exercise its rights under the Purchase Undertaking for the benefit of the Sukukholders:

- (i) to require the Obligor to immediately acquire the Sukukholders' undivided proportionate interest in the Musharakah Venture from the Sukuk Trustee by entering into a Sale Agreement; and
- (ii) the Exercise Price shall become immediately due and payable by the Obligor to the Sukukholders and the Sukuk Trustee shall have recourse to all remedies made available under the relevant Issue Documents.

The Musharakah Venture and the Declaration of Trust will be immediately dissolved and neither the Issuer nor the Sukukholders shall thereafter have further rights over the Musharakah Venture.

**(w) Covenants**

- (i) *Positive Covenants* : The Issuer covenants and undertakes, inter alia, with the Sukuk Trustee and the Sukukholders that until all its liabilities and obligations under the Sukuk Musharakah have been discharged, it shall, amongst others:
- (a) maintain the Financial Covenants as set out in item (w)(iii) below;
  - (b) use its reasonable diligence to carry on and conduct its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
  - (c) make available to the Facility Agent, Sukuk Trustee and/or an auditor appointed by the Sukuk Trustee the access of the books, accounts or other records relating to the accounts of the Issuer to the extent permitted by law;
  - (d) provide to the Facility Agent and Sukuk Trustee annually at the end of its financial year, a certificate confirming that the Issuer has complied with its obligations under the Issue Documents and the terms and conditions of the Sukuk Musharakah and that there did not exist or had existed, from the date of the first issuance of the Sukuk Musharakah or the date of the previous certificate as the case may be, any Dissolution Event and if such is not the case, to specify the same;
  - (e) obtain, preserve and keep in full force and effect all necessary licences, approvals, authorisations, consents, rights and permits (governmental and otherwise) and promptly obtain any further licenses, approvals, authorisations, consents, rights and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Issue Documents or to ensure validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the Sukukholders under the Issue Documents and the Issuer shall comply with the same;
  - (f) maintain or cause to be maintained such takaful contracts/ insurance policies in respect of its assets and its business against all risks in accordance with industry practice and it shall not do or omit to do or suffer anything to be done which might render such takaful contracts/ insurance policies to be void or voidable;
  - (g) cause all advances made or to be made hereafter by its shareholders and directors to be subordinated to its liabilities under the Sukuk Musharakah; and
  - (h) such other covenants which are customary to a facility of this nature and as may be advised by the Solicitors and agreed by Issuer which shall include without limitation to those in compliance with the SC's Trust Deeds Guidelines.

- (ii) *Negative Covenants* : The Issuer covenants and undertakes, inter alia, with the Sukuk Trustee and the Sukukholders that until all its liabilities and obligations under the Sukuk Musharakah have been discharged, the Issuer shall not, without the prior written consent of the Sukuk Trustee and Sukukholders (which consent shall not be unreasonably withheld, provided in their opinion, it is not materially prejudicial to their interests to give such consent):
- (a) amend its Memorandum and Articles of Association in a manner that is inconsistent with the provision of the Issue Documents, save and except to comply with the rules, regulations or guidelines of the relevant authorities or where such amendments are, in the opinion of the Sukuk Trustee, not prejudicial to the interests of the Sukukholders;
  - (b) substantially change the nature of its present business and shall not enter into activities which would render the business to be non-Shariah compliant as prescribed by the SC's Shariah Advisory Council;
  - (c) reduce the nominal value and the total amount of its authorised, issued and paid-up share capital;
  - (d) dispose of major assets that contribute substantially to its revenue (assets which values are in excess of 5% of the net tangible assets of the Issuer) unless in the ordinary course of business and on arm's length basis or the assets to be disposed of are either obsolete or worn out or if such assets do not meet the operational requirements of the Issuer;
  - (e) make any advances or loans to any persons or provide guarantees to secure advances or loans for the benefit of any shareholders, affiliates, or related corporations of the Issuer (other than normal trade credits or steps to ensure efficient Group cash management such as centralising treasury operations or temporary loans to staff, customers, contractors, suppliers in the ordinary course of business);
  - (f) create or permit to subsist any other security interests other than (i) those disclosed to the Facility Agent prior to the execution of the Issue Documents; and (ii) Permitted Security Interests;  
  
"Permitted Security Interest" means (a) security interests granted to secure hedging obligations that are permitted to be incurred; (b) security interests granted to secure certain obligations arising in the ordinary course of the business of the Issuer created under the hire purchase facility and equipment financing;
  - (g) declare any dividend on share capital if any of the following conditions occur or would occur (i) the FSCR (as defined in item 2(w)(iii)) is less than 1.5 times immediately after the payment of dividend; (ii) the Finance to Equity Ratio (as defined in item 2(w)(iii)) is more than 1.75 times immediately after the payment of dividend; (iii) a Dissolution Event has occurred, or if following such declaration, a Dissolution Event would occur; or (iv) funds in the FSRA's do not meet the required Minimum FSRA Balance 1 and the Minimum FSRA Balance 2 (if applicable);

- (h) enter into a transaction, whether directly or indirectly with interested persons (including a director, major shareholder, chief executive or persons connected with them) unless:
- (1) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - (2) with respect to transactions involving an aggregate payment or value equal to or greater than RM300 million, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED THAT the Issuer certifies to the Sukuk Trustee in writing that the transaction complies with paragraph (h)(1) above, that, where applicable, the Issuer has received the certification referred to in paragraph (h)(2) above and that the transaction has been approved by its board of directors and, where applicable, its shareholders at a general meeting;

- (i) lend any money to any party other than to its directors, officers or employees as part of their terms of employment or to its subsidiaries on commercial terms; and
- (j) such other covenants which are customary to a facility of this nature and as may be advised by the Solicitors and agreed by the Issuer which shall include without limitation to those in compliance with SC's Trust Deeds Guidelines.

(iii) *Financial Covenants*

: **Finance Service Cover Ratio ("FSCR")**

During the tenure of the Sukuk Musharakah Programmes, the Issuer shall maintain a FSCR of not less than 1.5 times at all times. In the event that the FSCR falls below 1.5 times, the Issuer shall remedy the breach within thirty (30) days from the date of receipt of a written notice from the Sukuk Trustee on the said breach.

FSCR is the ratio of Net Available Cash to the Total Finance Service (as defined below), where:

**"Net Available Cash"** is the aggregate of all cash and bank balances at the beginning of the financial period stated below and net cash flow (excluding the Total Finance Service) in any preceding one (1) year period.

**"Total Finance Service"** is the aggregate of the following:

- all amounts paid in respect of the Sukuk Musharakah Programmes;
- net repayment/payment of short term banking facilities, both conventional and Islamic; and
- all other principal, profit and related costs paid for external borrowings and redeemable loan stocks.

The FSCR shall be calculated for each financial year during the tenure of the Sukuk Musharakah Programmes based on the latest audited financial statements of the Issuer and duly confirmed by

the Issuer's external auditor. The Issuer shall arrange for the confirmation to be forwarded to the Sukuk Trustee. For the avoidance of doubt, any double counting shall be disregarded.

### **Finance to Equity Ratio**

During the tenure of the Sukuk Musharakah Programmes, the Issuer shall maintain Finance to Equity Ratio of not more than 1.75 times at all times. In the event that the Finance to Equity Ratio is above 1.75 times, the Issuer shall remedy the breach within thirty (30) days from the date of receipt of a written notice from the Sukuk Trustee on the said breach.

Finance to Equity Ratio is the ratio of Indebtedness to Equity, where:

**"Indebtedness"** means the aggregate of the amount outstanding under the Sukuk Musharakah Programmes, all other outstanding external borrowings/financings including hire purchase and equipment financing (both conventional and Islamic, secured and unsecured) and outstanding redeemable loan stocks (secured and unsecured) but excluding contingent liabilities.

**"Equity"** includes shareholders' funds of the Issuer, irredeemable loan stocks and loans/advances from shareholders/directors that are subordinated to the Sukuk Musharakah Programmes, all as shown in the then latest audited financial statements of the Issuer.

The Finance to Equity Ratio shall be calculated for each financial year during the tenure of the Sukuk Musharakah Programmes based on the latest audited financial statements of the Issuer. The calculation of the Finance to Equity Ratio shall be duly confirmed by the Issuer's external auditors on an annual basis. The Issuer shall arrange for the external auditor's confirmation to be forwarded to the Sukuk Trustee. For avoidance of doubt, any double counting shall be disregarded.

**(x) Provisions on Buy-Back and Early Redemption of Sukuk**

: Buy Back  
Please refer to item 2(y)(ii).

Early redemption

The Issuer may only early redeem the Sukuk Musharakah subject to Sukukholders approval.

**(y) Other Principal Terms and Conditions for the Proposal**

(i) *Compensation ("Ta'widh")* : In the event of any delay in payments of any amounts due and payable under the Sale Agreement pursuant to the Purchase Undertaking, the Obligor shall pay to the Sukuk Trustee, for the benefit of the Sukukholders, compensation ("**Ta'widh**") on such overdue amounts at the rate and manner prescribed by the Shariah Advisory Council of the SC from time to time.

(ii) *Open Market and Acquisition and Cancellation* : The Issuer or any of its subsidiaries or its agent(s) who is/are acting for the redemption or purchase, may at any time acquire the Sukuk Musharakah at any price in the open market or by private treaty. The Sukuk Musharakah so acquired by the Issuer or any of its subsidiaries or its agent(s) must be surrendered for

cancellation and shall not be reissued or resold.

- (iii) *Voting condition* : Any Sukuk Musharakah held by the Issuer or any interested person (includes directors, major shareholders and chief executive) of the Issuer shall not be counted for the purpose of voting, nor entitle them to participate in the voting of any Sukukholders' resolutions, nor form part of the quorum of any meeting.
- (iv) *Redemption* : Unless previously purchased and cancelled, the Sukuk Musharakah shall be redeemed by the Issuer at 100% of their nominal amount on their respective Maturity Dates or upon declaration of a Dissolution Event, whichever is earlier.
- (v) *Status* : The Sukuk Musharakah will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, except those preferred by law and the Issue Documents.
- (vi) *Trustees' Reimbursement Account for Sukukholders' Actions* : The Issuer shall set up a Shariah-compliant "Trustees' Reimbursement Account for Sukukholders' Actions" ("**Account**") with a sum of RM30,000 (which shall be maintained at all times throughout the tenure of the Sukuk Musharakah Programmes). The Account shall be operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event which are to be provided in the relevant Issue Documents.
- (vii) *Transaction Expenses* : All legal and professional fees, Shariah Adviser fees, the cost of due diligence exercises, stamp duties, taxes and any other reasonable out-of-pocket expenses incurred on the Sukuk Musharakah shall be borne by the Issuer.
- (viii) *Adverse Market* : The JLAs/JLMs/investor(s) reserve the right to withdraw or terminate their participation in the arrangement/subscription of the Sukuk Musharakah, if there occurs any change in the international and domestic financial conditions, including but not limited to adversities in the domestic capital or syndicated loan markets, the Issuer's business activities and financial position which in the reasonable opinion of the JLAs/JLMs/Sukukholder(s) will materially and adversely affect the offering and distribution of or dealings in the Sukuk Musharakah in the secondary market and/or the successful completion of the Sukuk Musharakah.
- (ix) *Changes in Circumstances* : If, as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if compliance by the Transaction Parties with the applicable direction, request or requirement (whether or not having the force of law) will impose on the Transaction Parties any condition, burden or obligation, and upon notice to the Issuer after becoming aware of such occurrence or within such reasonable period as may be permitted by law or the authorities:
  - (i) where the change, interpretation or application makes it unlawful for the Transaction Parties to make available the Sukuk Musharakah, without breaching such law or regulation, the Transaction Parties shall terminate their obligations in respect of the Sukuk Musharakah; and

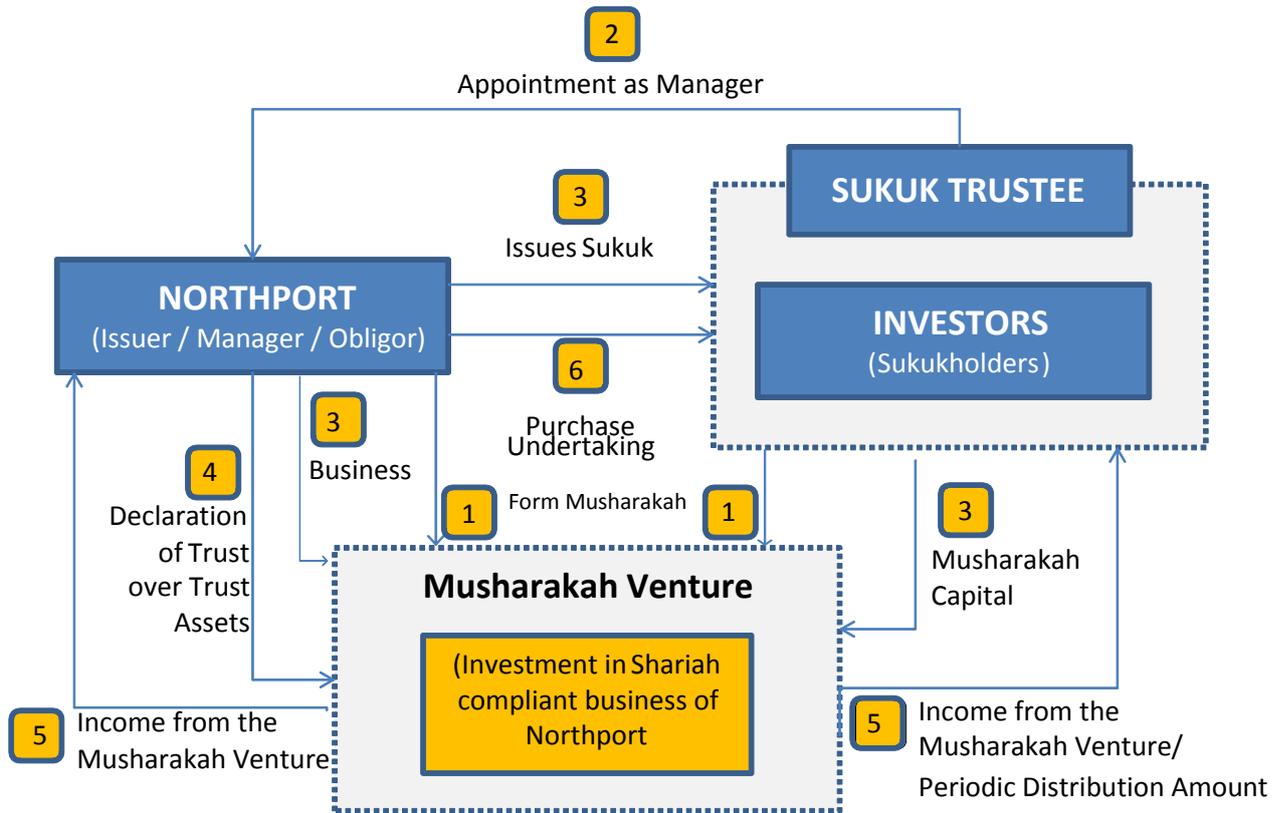
- (ii) where the change, interpretation or application causes the Transaction Parties to incur additional costs or be required to make further payments then the Issuer shall compensate the Transaction Parties for the additional cost incurred or payments made.
- (x) *Issue Documents* : Completion, execution and delivery of all documentation in connection with the Sukuk Musharakah which include inter alia the following Issue Documents:
  - (a) Sukuk Musharakah Programmes Agreement;
  - (b) Musharakah Agreement;
  - (c) Trust Deed;
  - (d) Securities Lodgement Form for the Central Depository and Paying Agency Services;
  - (e) Management Agreement;
  - (f) Purchase Undertaking (including the Sale Agreement pursuant thereto); and
  - (g) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the Sukuk Musharakah Programmes, and references to a "**Issue Document**" shall mean each or any one of them.
- (xi) *Taxation* : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law (in which event the Issuer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions were made).
- (xii) *No payment of interest* : For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is hereby agreed and declared that nothing under the Sukuk Musharakah Programmes shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions or the Issue Documents and the parties hereby expressly waive and reject any entitlement to recover such interest under the Sukuk Musharakah Programmes.
- (xiii) *Governing Law* : Laws of Malaysia.
- (xiv) *Jurisdiction* : The Issuer submits to the exclusive jurisdictions of the courts of Malaysia.
- (xv) *Currency* : Ringgit Malaysia ("**RM**").
- (xvi) *Other Terms and Conditions* : (i) Such other terms and conditions typical and customary for a facility of this nature, as advised by the Rating Agency,

the Solicitors and/or the Shariah Adviser, as the case may be, so as to achieve the desired rating, as a result of due diligence findings and/or to meet Shariah requirements.

- (ii) The Sukuk Musharakah shall at all times comply with the guidelines issued and to be issued from time to time by the SC, BNM and/or MyClear having jurisdiction over matters pertaining to the Sukuk Musharakah.

*The remainder of this page is intentionally left blank*

**APPENDIX 1**



Step	Details
1	In respect of the issuance of the Sukuk Musharakah, the investor(s) (" <b>Sukukholder(s)</b> ") shall from time to time, via the Sukuk Trustee, form a Musharakah partnership by entering into a Musharakah agreement as partners with Northport (each a " <b>Partner</b> " and collectively the " <b>Musharakah Partners</b> ") for the purpose of undertaking a venture (" <b>Musharakah Venture</b> ") to invest directly in an identified portion of the Shariah compliant general business of Northport (" <b>Business</b> ") which involves the management of port activities, provided that the value of the Business identified under each issuance of the Sukuk Musharakah shall not exceed the proceeds for that particular issuance.
2	The Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint Northport as its manager to manage the Business for the Musharakah Venture (the " <b>Manager</b> ") pursuant to a management agreement to be entered into between the Sukuk Trustee (on behalf of the Sukukholders) and Northport.
3	The Sukukholder(s) shall subscribe to the Sukuk Musharakah issued by Northport. Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the relevant Musharakah Venture. Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Meanwhile the Issuer will contribute the Business as capital contribution into the Musharakah Venture.
4	Simultaneously, Northport shall make a declaration that it holds in trust over all its interest in the Business (the " <b>Trust Assets</b> ") for the benefit of the Sukukholders and itself (" <b>Declaration of Trust</b> ").

Step	Details
5	<p>Income from the Musharakah Venture shall be distributed to each Partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.</p> <p>The expected return to the Sukukholders under the Musharakah Venture ("<b>Expected Return</b>") shall be the expected yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("<b>Maturity Date</b>"). In respect of Sukuk Musharakah with Periodic Distribution (as defined below), the income from the Musharakah Venture (after deducting the Issuer's entitlement to the income distribution) up to an amount equivalent to the expected profit rate of the nominal value of the Sukuk Musharakah for the relevant period ("<b>Periodic Distribution Amount</b>") shall be distributed semi-annually (or such other period of frequency as the Issuer and the JLMs/relevant investors may agree prior to each issuance of the Sukuk Musharakah) in each year to the Sukukholders in the form of periodic distribution ("<b>Periodic Distribution</b>"). In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the Periodic Distribution Amount, such excess shall be retained by the Manager as incentive fee. Any shortfall between the Periodic Distribution Amount and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture shall be paid by Northport as a top up payment ("<b>Top up Payment</b>"). The Top up Payment will be set-off against the Exercise Price (as defined in item 2(c) of the PTC) payable by the Obligor (as defined below) under the Sale Agreement (as defined below) following the exercise of the Purchase Undertaking (as defined below).</p> <p>In respect of Sukuk Musharakah without Periodic Distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("<b>One-off Distribution</b>") on the Maturity Date or the date of declaration of a Dissolution Event (as set out in item 2(v) of the principal terms and conditions ("<b>PTC</b>")), being an event which dissolves the Musharakah Venture ("<b>Dissolution Date</b>"), whichever is applicable. In the event that the Sukukholders' entitlement to distributable income generated from the Musharakah Venture is over and above the One-off Distribution, such excess shall be retained by the Manager as incentive fee. Any shortfall between the One-off Distribution and the Sukukholders' entitlement to distributable income generated from the Musharakah Venture for such relevant period shall be paid by Northport as Top up Payment of the Exercise Price. The Top up Payment will be set off from the Exercise Price payable by the Obligor under the Sale Agreement following the exercise of the Purchase Undertaking.</p>
6	<p>The Issuer as Obligor (the "<b>Obligor</b>") shall also grant to the Sukuk Trustee (for and on behalf of the Sukukholders) a purchase undertaking ("<b>Purchase Undertaking</b>") whereby the Obligor shall undertake to purchase the Sukukholders' undivided proportionate interest in the Musharakah Venture at the Exercise Price on the Maturity Date or the Dissolution Date, whichever is earlier, by executing a sale agreement ("<b>Sale Agreement</b>").</p> <p>On the Maturity Date or the Dissolution Date, whichever is earlier, the Musharakah Venture and the trust in relation to the Declaration of Trust will be immediately dissolved.</p>

## SECTION 3 CORPORATE INFORMATION OF NORTHPORT

### 3.1 CORPORATE HISTORY OF NORTHPORT

The Issuer was incorporated in Malaysia on 30 October 1985 under the Companies Act initially as a private company limited by shares under the name of "Kelang Container Terminal Sdn. Bhd.". This name was later changed to "Kelang Container Terminal Bhd.", pursuant to its listing on the Main Board of Bursa Malaysia Securities Berhad in November 1992. Subsequently, the name was changed to "Klang Container Terminal Bhd." on 2 November 1998.

Through an equity restructuring exercise completed in August 2000, the Issuer became a wholly-owned subsidiary of NCB and was delisted. The listing status was thereafter transferred to NCB. Following completion of the operational merger with its wholly owned subsidiary, KPM in 2002, the Issuer adopted a name change to "Northport (Malaysia) Bhd." which is the single brand name encompassing the combined businesses of the Issuer and KPM.

Its registered address is Jalan Pelabuhan, Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.

### 3.2 PRINCIPAL ACTIVITIES OF NORTHPORT AND ITS SUBSIDIARIES

Northport is principally involved in the management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises, dockyard operations and other ancillary services.

Northport's wholly-owned subsidiaries and their respective principal activities are as follows:

Subsidiaries	Principal Activities
KPM	Management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises, dockyard operations and other ancillary service. KPM transferred the management of its operational activities to the holding company, Northport, on 1 January 2002 pursuant to a management agreement signed between the two parties
NDSB	Management of a distribution centre with warehousing, storage and other associated facilities to support trading activities through Port Klang

### 3.3 SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The authorised, issued and paid-up share capital of Northport as at 1 October 2014 is as follows:

**Authorised Share Capital:** RM500,000,000 divided into 499,999,999 units of ordinary shares of RM1 each ("**Ordinary Shares**") and 1 unit of Special Share\* of RM1 each ("**Special Share**").

**Issued and Paid-Up Share Capital:** RM308,530,433 divided into 308,530,432 units of Ordinary Shares and 1 unit of Special Share\*.

Note:

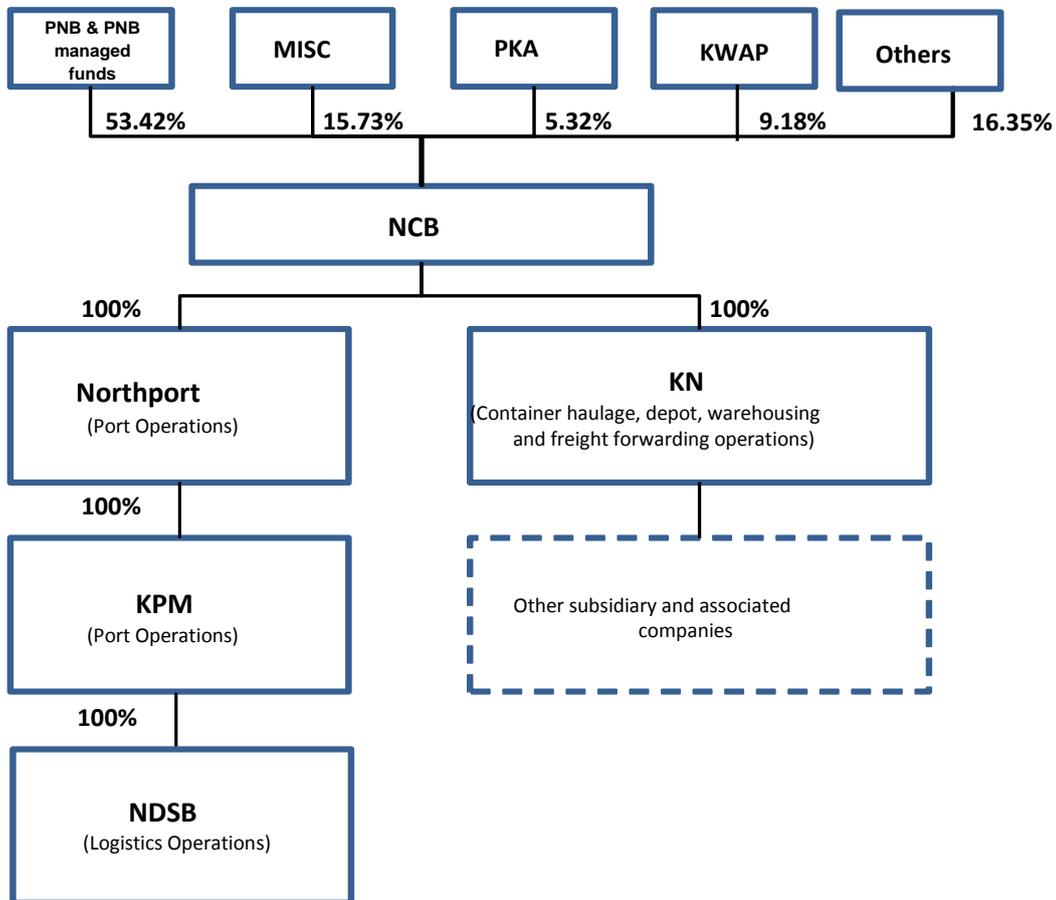
\* The Special Share, which may only be held by the Minister of Finance (Incorporated) or its successors or any Minister, representative, or any person acting on behalf of the Government, carries certain special rights as provided by Article 6B of Northport's Articles of Association.

Details of Northport's shareholding structure as at 1 October 2014 are summarised as follows:

Name	No. of shares held	% of shareholding
NCB	308,530,432 Ordinary Shares	100%
Minister of Finance (Incorporated)	1 Special Share	Negligible
<b>Total</b>	<b>308,530,433</b>	<b>100</b>

### 3.4 SHAREHOLDING STRUCTURE OF NORTHPORT

The shareholding structure of Northport as at 1 October 2014 is as follows:



In the above diagram:

"PNB" means Permodalan Nasional Berhad

"MISC" means MISC Berhad.

"KN" means Kontena Nasional Berhad.

"KWAP" Kumpulan Wang Persaraan (Diperbadankan)

### 3.5 PROFILE OF DIRECTORS

The Directors of Northport and their respective profiles as at 1 October 2014 are as follows:

(i) **Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Hj Wan Yaacob**  
**Chairman and Company Director**

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob ("**Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman**"), aged 73 was appointed to the Board of Northport as Chairman on 23 May 2008. He is currently the Chairman of Northport.

A 1965 graduate of the Brighton College of Technology, United Kingdom, in civil and structural engineering, Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman was conferred the Doctor of Engineering (Honorary) by the University of Birmingham in 1993. In 1993, he attended the Advanced Management Program at Harvard Business School.

He was in the Malaysia Public Works Department for 32 years. He retired in 1996 as Director General, a position occupied for 6 years. He is currently the Chairman of Minconsult Sdn Bhd. He sits in many public and private companies, among which are Lingkaran Trans Kota Holdings Berhad, Lingkaran Trans Kota Sdn Bhd, Malaysian Mining Corporation Berhad, Bank of America Malaysia Berhad, Lysaght Galvanised Steel Berhad, Malaysian Industrial Development Finance Berhad and other private companies, i.e. Disitu Holdings Sdn. Bhd. and DEMC Management Sdn. Bhd.

He is also a member of the Board of NCB.

(ii) **Datin Paduka Juma'ah binti Moktar**  
**Company Director**

Datin Paduka Juma'ah binti Moktar ("**Datin Paduka Juma'ah**"), aged 63, joined the Board of Directors of Northport on 8 March 2002.

Datin Paduka Juma'ah graduated with a Bachelor of Laws (Hons) from University of London in 1981. She obtained her Master in Business Administration (with Distinction) from the International Management Centre, Buckingham, UK in 1989. She has attended the "Applied International Management Programme" at the Institute of Foretagledning, Sigtuna in Sweden in 1992.

She began her career as a credit officer in 1975 with Kumpulan Perangsang Selangor Berhad (KPS). She served various positions in KPS, Permodalan Negeri Selangor Berhad, Kumpulan Darul Ehsan Berhad (KDEB) and Brisdale Holdings Berhad.

She was appointed as Chief Executive Officer of KPS in July 1997 and as a Director on 15 August 1997. In April 2003 the post was re-designated as Managing Director, a position she held until August 2007. She actively participates in Board meetings drawing her knowledge and experience as CEO of KPS and Deputy President of KDEB. She has attended numerous advanced management training programmes and conferences both locally and abroad.

In the course of her work as the Group Company Secretary/Legal Adviser in KPS, she has gathered enormous wealth of knowledge and experience in matters relating to Corporate Strategies and Planning, merger and acquisition, financial resource planning and budget, disposal of non-performing business units, group business rationalisations and Turnaround Management, and securing loans for infrastructure projects. She was very much involved in due diligence committee prior to the listing of five subsidiaries of the Selangor State.

She is currently the Chairman of Northport's subsidiary, NDSB. Datin Paduka Juma'ah also sits on the Board of Nippon Paint (M) Sdn. Bhd, Jobmarket Malaysia Sdn. Bhd. and Ellen Burke (M) Sdn. Bhd.

She is currently Northport's Chairman of Director-Led Tender Commercial Committee and a member of the Due Diligence Working Group Committee for the Sukuk Musharakah Programmes.

(iii) **Datuk Wan Awang bin Wan Yaacob**  
***Company Director***

Datuk Wan Awang bin Wan Yaacob ("**Datuk Wan Awang**"), 74 was appointed to the Board of Northport on 2 April 2004. He graduated with a Bachelor's Degree from the University of Malaya (1964) and a Master's Degree from the University of Southern California at Los Angeles (1978).

He has previously sat on various Boards including that of Malaysia Airlines Berhad, Malaysia Airports Holdings Berhad (MAHB), Bintulu Port Authority, Kuantan Port Authority, Johor Port Authority and Edaran Otomobil Nasional Berhad. Currently he also sits on the Board of Malaysia Airports Agriculture and Horticulture Sendirian Berhad, a subsidiary of MAHB.

He has served in Malaysia's Administrative and Diplomatic Service in multitudes of portfolios within various Ministries and Departments which include: Foreign Affairs, Fisheries, Public Services (JPA), Defence and Home Affairs. His last post prior to retirement was as Secretary General of the Ministry of Transport (1992-1995).

Datuk Wan Awang is currently a member of Northport's Pre-Qualification Tender Evaluation Committee and a member of the Director-Led Tender Technical Committee.

(iv) **Dato' Zuraidah binti Atan**  
***Company Director***

Dato' Zuraidah binti Atan ("**Dato' Zuraidah**"), aged 55, was appointed to the Board of Directors of Northport on 23 May 2008. A member of the Malaysian Bar, she is currently in legal practice with her own legal firm, Chambers of Zuraidah Atan, since 2004. Starting her career as an officer in a bank, she has more than 25 years' experience in the banking industry. She also served as President/Chief Executive Officer of Affin Merchant Bank Berhad.

Dato' Zuraidah sits on the Boards of Kenanga Islamic Investors Berhad, NCB, Bank Kerjasama Rakyat Malaysia Berhad, Rakyat Travel Sdn. Bhd., Rakyat Management Services Sdn. Bhd. and Petron Malaysia Refining and Marketing Bhd. She is a Public Interest Director (PID) of Bursa Malaysia Berhad and a member of the Board of Governors of University Sains Malaysia.

She has also been appointed as the Chairman of Yayasan Sukarelawan Siswa (Students Volunteer Foundation), a wholly-owned entity of Malaysian government, via the Ministry of Higher Education.

She is an arbitrator in the KL Regional Centre for Arbitration and serves as an Honorary Advisor to National Cancer Society of Malaysia a non-governmental organisation engaged in cancer awareness and charity.

Dato' Zuraidah is also a Nominee Director of Permodalan Nasional Berhad, whose managed funds are a major shareholder of NCB. She is also an Independent Panel Member of the Consultation and Corruption Prevention Panel of Suruhanjaya Pencegahan Rasuah Malaysia (Malaysian Anti-Corruption Commission). She was recently appointed by the Government as Committee Member of The Cooperative Societies Education Trust Fund pursuant to the Cooperative Societies Act 1993.

Dato' Zuraidah is currently a member of Northport's Lease Extension Steering Committee and also Chairman of the Due Diligence Working Group Committee for the Sukuk Musharakah Programmes.

(v) **Dato' Kumaran a/I Santhivaloo**  
***Company Director***

Dato' Kumaran Santhivaloo ("**Dato' Kumaran**"), aged 59, was appointed to the Board of Northport on 16 July 2009. A graduate from University of Malaya, he obtained his Bachelor of Arts in 1980. He also holds a Diploma in Public Administration and Diploma in Management Science from INTAN, and Post Graduate Diploma in International Management from International Management Institute, New Dehli, India. In 2003, he obtained a Masters in Business Administration from Waseda University, Tokyo.

Dato' Kumaran has served in many Ministries and Government Departments. From 1981 to 1985, he served as the Assistant Director of Port Management and Shipping in Ministry of Transport. He joined the Ministry of Finance as Assistant Secretary of Admin for 3 years. Thereafter he served in the Ministry of Defence from 1990 to 2000, joining as Principal Assistant Secretary of Admin and later on as Principal Assistant Secretary of Internal Audit. In June 2003, Dato' Kumaran re-joined the Ministry of Finance and currently serves as the Undersecretary of the Corporate Strategy and Communications Division in Treasury. Dato' Kumaran is also currently a Director of Melaka Port Authority and Penang Hill Corporation.

(vi) **Dato' Halipah binti Esa**  
***Company Director***

Dato' Halipah binti Esa ("**Dato' Halipah**"), aged 65, is a Director of Northport, appointed on 7 June 2010.

Dato' Halipah received her Bachelor of Arts (Honours) degree in Economics and a Master of Economics from the University of Malaya. She also holds Certificates in Economic Management from the IMF Institute, Washington and the Kiel Institute for World Economy, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She started her career in 1973 with the Administrative and Diplomatic Services in the Economic Planning Unit (EPU) of the Prime Minister's Department. During her tenure in EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, housing, telecommunications, urban services, human resource development, macro economy, international economy, environment, regional development and distribution. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

She is currently a Director in various companies such as NCB, MISC Berhad, KLCC Property Holdings Berhad, KLCC REIT Management Sdn. Bhd., Malaysia Marine & Heavy Engineering Holdings Berhad, Putrajaya Holdings Sdn. Bhd., Kontena Nasional Berhad, Petronas Global Sukuk Ltd, Cagamas Berhad, UM Holdings Sdn. Bhd., SP Setia Berhad, Malaysia Deposit Insurance Corporation and the Securities Industry Dispute Resolution Centre.

Dato' Halipah is currently the Chairman of Northport's Pre-Qualification Tender Evaluation Committee, Chairman of Director-Led Tender Technical Committee and also Chairman of Lease Extension Steering Committee.

(vii) **Pn Hjh Armi binti Zainudin**  
**Company Director**

Pn Hjh Armi binti Zainudin ("**Pn Hjh Armi**"), aged 66, was appointed to the Board of Directors of Northport on 5 April 2013.

Pn Hjh Armi graduated with a Diploma in Marketing from Universiti Teknologi MARA, Post Graduate Diploma in Co-operative Management from University Loughborough, United Kingdom and a Masters in Business Administration from Universiti Kebangsaan Malaysia.

Internationally, Pn Hjh Armi was the Board member of International Co-operative Alliance (ICA Global), member of ICA Membership Committee Global and member of International Year of Co-operative Committee from 2009 to 2013.

Her current positions in the Non-Governmental Bodies are as the Chairman of Koperasi Jaya Murni Wanita Bhd, Deputy Chairman of Koperasi Kakitangan Maktab Kerjasama Malaysia Berhad, Board member of Koperasi Pembiayaan Syariah Angkasa (KOPSYA) and Board member of Yayasan Angkasa.

Pn Hjh Armi was in the Co-operative field since 1979 and brings with her 34 years' experience in giving talks and presentations about Co-operatives in Malaysia, Poland, Cancun (Mexico), Mauritius, Vietnam, Bangkok, Indonesia, India, Brunei and Singapore. She wrote a book entitled "Pantun Koperasi" and produced more than 20 articles and paper works relating to co-operatives, management and marketing, which were published locally and internationally. Her last post prior to retirement was as the Director of Maktab Koperasi Malaysia in 2004.

Pn Hjh Armi is a Board member of Kontena Nasional Berhad and is currently the Chairman of Northport's Pre-Qualification Opening Committee and Tender Opening Committee.

(viii) **Dato' Idris bin Kechot**  
**Company Director**

Dato' Idris bin Kechot ("**Dato' Idris**"), aged 59, was appointed to the Board of Directors of Northport on 20 September 2013. Dato' Idris is currently the Deputy President Unit Trust, Permodalan Nasional Berhad (PNB) and Executive Director, Amanah Saham Nasional Berhad (ASNB).

He obtained his Bachelor of Science Degree in Agribusiness from the Universiti Putra Malaysia in 1983. In 1987, Dato' Idris secured his Master Degree in Business Administration specializing in Finance from the University of Stirling, United Kingdom. In 2006, he attended an Accelerated Development Programme at London Business School, United Kingdom.

He sits on several public and private companies, among which are Amanah Saham Nasional Berhad, Amanah Mutual Berhad, Pelaburan Hartanah Nasional Berhad, Sime Darby Plantation Sdn Bhd, SJM Flex (M) Sdn Bhd, Benua Sakti Sdn Bhd and Universiti Sains Islam Malaysia.

He started his career in 1983 and has served PNB in various capacities such as Research Analyst at the Corporate Research Department undertaking industry and sectorial research, Senior Research Analyst, Assistant Manager, Manager, Group Manager, Senior Manager, Assistant General Manager, General Manager, Senior General Manager of Investment Division, Senior Vice President I of Investment Division and Executive Vice President I.

Dato' Idris' experience, spanning over 30 years, incorporates equity evaluation, equity trading and portfolio management of proprietary and unit trust portfolios. He has also

undergone extensive training and attachment programmes locally and overseas, in the area of equity evaluation, portfolio management and general management development.

**(ix) Tn. Hj. Abi Sofian bin Abdul Hamid**  
***Company Director***

Tn. Hj. Abi Sofian bin Abdul Hamid ("**Tn. Hj. Abi Sofian**"), aged 52, was appointed to the Board of Directors of Northport on 17 September 2014. He is currently the Group Managing Director of NCB.

In 1986, Tn. Hj. Abi Sofian graduated with a Bachelor of Engineering (Civil) from University of New South Wales, Australia. He also obtained a Bachelor of Jurisprudence (External) from University of Malaya in 2000.

Tn. Hj. Abi Sofian has also attended professional courses including the Port Management Seminar by IHT, Delft, The Netherlands in 1996, Senior Management Development Program by Harvard Business School Club in 2006 and New Development in Port Engineering by APEC – Antwerp/Flanders, Belgium in 2008. He is also a graduate member of the Institution of Engineers, Malaysia, corporate member of Eastern Dredging Association, member of the American Concrete Institute (Malaysian Chapter), and member of the Harvard Business School Alumni Club, Malaysia.

Tn. Hj. Abi Sofian started his career as a Project Coordinator of Bretloan Pty Ltd, Sydney in 1987. Prior to joining Northport (then Kelang Container Terminal Bhd) in 1992, he worked in companies including Jurutera Konsultant (SEA) Sdn Bhd, Ideal Heights Propertise Sdn Bhd, and Cullen Grummitt & Roe (M) Sdn Bhd.

Tn. Hj. Abi Sofian joined KCT as a civil engineer in 1993 and worked in various positions in relation to Facilities Management and Port Development until 2001, following the merger between Kelang Container Terminal Bhd and Kelang Port Management Sdn Bhd.

Tn. Hj. Abi Sofian was tasked to head the development of port facilities to meet the requirements of the merged operational entities and future business plans. In 2005, he was promoted to the position of Assistant General Manager, Facilities and later on to General Manager, Engineering in 2008 to oversee and spearhead the optimisation of terminal equipment and infrastructure. In 2009, he was appointed as the General Manager, Container and Engineering Services before his subsequent appointment as Chief Executive Officer in April 2012. Subsequently, Tn. Hj. Abi Sofian was appointed as Group Managing Director of NCB effective 1 September 2014.

He is also a member of the Board of NCB, Kontena Nasional Berhad, KPM and NDSB.

*The remainder of this page is intentionally left blank*

### 3.6 SENIOR MANAGEMENT

The senior management of Northport as at 1 October 2014 is as follows:

<b>Name</b>	<b>Position</b>
Tn. Hj. Abi Sofian bin Abdul Hamid	Group Managing Director of NCB
Rubani bin Dikon	Chief Executive Officer
Rosihan Adi bin Baharuddin	Head, Corporate Services Division
En. Shamsuri bin Mohd Rashid	Head, Finance Division
M. Suresh Kumar a/l K. Madevan	Head, Commercial Division
Razak bin Md Nor	Head, Information Services Division
Norzalinda binti Mohamed	Head, Container Services Division
Lim Seok Hua	Head, Conventional Cargo & Logistic Services Division

*The remainder of this page is intentionally left blank*

## SECTION 4 INVESTMENT CONSIDERATIONS

*An investment in the Sukuk Musharakah involves certain risks. Prospective investors of the Sukuk Musharakah should consider carefully, in the light of their own financial circumstances and investment objectives, the following factors, in addition to the matters set forth elsewhere in this Information Memorandum, prior to investing in the Sukuk Musharakah. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Sukuk Musharakah. However, neither the Issuer, the JPAs/JLAs/JLMs represent that the statements below regarding the risks of investing in any of the Sukuk Musharakah are complete or exhaustive. Prospective investors are strongly encouraged to undertake their own investigations and analysis on the Issuer its business and risks associated with the Sukuk Musharakah Programmes.*

*Prospective investors should read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Information Memorandum, in particular Section 2, shall have the same meanings in this Section 4.*

### 4.1 INVESTMENT CONSIDERATIONS RELATING TO NORTHPORT

#### 4.1.1 Business risks inherent to the port & shipping industry

As with other ports, Northport is also subjected to risks inherent in the port and shipping industry which would include, *inter alia*, inflation, taxation, interest and exchange rates, labour constraints, changes in government policies and statutory regulations, local and global political and economic conditions. Northport, has an experienced management team that consistently monitor potential emerging risk and identify strategic risk mitigation plans to avoid or limit the impact of such risks on Northport's operations.

Northport has in place an Enterprise Risk Management framework that is an integral part of the business processes and internal control system ("**Enterprise Risk Management**"). The risk framework supports the Risk Committee; a committee established to identify principal risks in Northport and implement appropriate actions to manage and mitigate such risks ("**Risk Committee**").

The risk framework covers the following areas:

- (a) Identifying principal risks and ensuring the development and implementation of appropriate risk management measures within the framework and providing guidelines to manage these risks.
- (b) Reviewing, enhancing and implementing risk management and reporting framework, including submission of periodic risk management to the Risk Committee.
- (c) Reviewing the adequacy and integrity of Northport's internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The risk management practices that are in place ensures that the Group is aware and in control of its risks in the business environment and that such risks are identified, evaluated, monitored and mitigated.

#### 4.1.2 Competition risk

As with the other players in the local port industry, Northport faces competition from other ports within its operating area specifically in West Peninsular Malaysia and regionally from Singapore and other emerging Asean ports.

Northport's competitive advantage is its ideal geographical location, making it the first port of call for ships on the eastbound leg and the last port of call on the westbound leg of the Far

East-Europe trade route. In addition, Northport is located within the reach of local hinterland industrial areas in Port Klang, Shah Alam and surrounding Klang Valley area and thus is in the position to tap from the existing connectivity.

The commissioning of the new Wharf 8A in end 2013 has enhanced its installed capacity from 5.0 million TEUs to 5.6 million TEUs and enables Northport to accommodate ultra-large vessels. Continuous investments are being made by Northport to ensure that the port facilities, labour force and processes are kept in line with technological changes in the maritime and port industry to enhance Northport's competitive advantage.

#### **4.1.3 Foreign exchange risk**

Although Northport's revenue is primarily denominated in RM, it may be exposed to foreign exchange risk if it were to purchase assets priced in foreign currencies. However, most of the contracts that Northport enters into are Ringgit denominated contracts. Nonetheless, in the event that Northport is exposed to such risks, it may adopt various hedging techniques to mitigate the effects of such risks.

#### **4.1.4 Dependence on key personnel**

Northport relies on the advice of its key directors and members of its senior management team for its business direction and effective implementation of its business strategies. As with any other business, the loss of such key personnel may affect Northport's ability to execute its business strategies in a consistent manner.

In mitigating such risk, the management has in place a succession planning programme to ensure that smooth transition of responsibilities, skills and knowledge are taking place. Northport has been engaging in knowledge-sharing activities, invest in training and other cross functional activities within its employees.

#### **4.1.5 Risk of Construction Cost Overruns and Delay**

Port construction activities are specialised in nature and the conditions for construction may be affected by weather, sea conditions, availability of specialised equipment, contractors' track record and expertise, costs of materials and labour supply. This could result in a time extension and potential cost overruns in the proposed construction activities.

Northport has experienced personnel managing the construction works as it had undertaken and completed similar nature of works in the past which had been completed on time and with minimum interruption to its existing operations. Further, the construction works will be carried out by contractors with qualified and proven track record after passing through strict and transparent tender processes. Northport constantly monitors contractors' performances closely, to ensure works are carried out on a timely and cost-efficient basis. Apart from that, Northport also engages independent project consultants to monitor the development projects.

#### **4.1.6 Regulations on Tariffs**

Ports operators located in Port Klang are regulated under the Port Kelang Authority Scale of Rates Dues and Charges by-laws 2012. As such, they are bound by the Port Kelang Authority Scale of Rates Dues and Charges by-laws 2012 which prohibits any port operator from charging its customers above the published tariffs for regulated services rendered.

However, the port operators may apply collectively to PKA to increase the existing scale of tariffs pursuant to Section 16A of PAA. The last increase on tariffs that was approved by PKA was in 2012. Should there be any need for a tariff revision, Northport will ensure that regular communication and cordial relationships with the key stakeholders of North Port, South Port, port users at large and PKA are maintained.

#### **4.1.7 Operation of the port business on an interim basis pending finalisation and execution of the new concession agreement**

The concession period for the KPM Privatisation (as defined in Section 5.1 below) and the KCT Privatisation (as defined in Section 5.1 below) had expired on 30 November 2013. However, the Government has agreed that, by way of a letter from UKAS to Northport dated 10 January 2014, the concession for the port operation in the North Port and South Port be granted to Northport for a period of 30 years effective from 1 December 2013 to 30 November 2043, subject to the finalisation of the terms and conditions of the new concession agreement and the execution thereof by the parties.

On 28 March 2014, by way of the 2014 Interim Privatisation Agreement entered into between the Government, PKA and Northport, the Government has agreed to allow Northport to continue to operate, manage and control the relevant port business on the interim basis based on the same terms and conditions of the 1992 Privatisation Agreement and 2013 Interim KCT Privatisation Agreement. The 2014 Interim Privatisation Agreement has a contract period commencing from 1 December 2013 until a new privatisation agreement is finalised and signed between the parties thereto.

#### **4.1.8 The 2013 Licence for the port operation granted to Northport**

Northport has been granted by PKA the 2013 Licence which shall, unless earlier terminated or revoked, come into force on 1 December 2013 and shall terminate on 30 November 2014. The license shall subsequently be renewed on a yearly basis.

Northport is required to comply with any provision of the acts the license was issued under to avoid any suspension or revocation of the license by the government. Since its privatisation, Northport has maintained full compliance of the terms and conditions under the concession and license granted and will continue to do so via constant monitoring and internal audit.

Pursuant to the requirements specified above, Northport shall, upon expiry of the 2013 Licence, obtain a new licence for the port operation from PKA for the undertaking and operation of the relevant port business at North Port and South Port.

#### **4.1.9 No lease over the relevant demised property within the operational area**

The lease period pursuant to all the relevant lease agreements entered into between PKA as the lessor and Northport as the lessee has expired on 30 November 2013, which is co-terminus with the concession period pursuant to the relevant privatisation agreements entered by Northport prior to the 2014 Interim Privatisation Agreement. Upon expiry of the lease period, Northport's right as a lessee for the use of the relevant demised property within the operational area where Northport is undertaking and operating its port business, shall cease.

However, Northport has executed two management agreements with PKA whereby PKA agreed to appoint Northport to manage certain parts within the operational area for a stipulated timeframe, i.e. for the first management agreement, from 1 December 2013 until the finalisation and execution of the concession agreement between the Government, PKA and Northport, and for the second management agreement, from 1 December 2013 to 14 July 2022. Based on the aforesaid management agreements, Northport shall carry out its duties as a manager to PKA to manage the relevant property on PKA's behalf and assume all roles, obligations and responsibilities of PKA under the lease agreements PKA entered with the third parties, in consideration of the lease rental.

#### **4.1.10 General legal risks concerning Northport's business, operations or contractual agreements**

In general, it includes the risk of any vendor's or customer's non-performance of their obligations and duties contained in the agreements with Northport and/or termination of the agreements with Northport. This is mitigated by adequate remedy provisions in the contract,

performance bond, throughput, performance and productivity level commitments, liquidated and ascertained damages etc.

## **4.2 INVESTMENT CONSIDERATIONS RELATING TO THE SUKUK MUSHARAKAH**

### **4.2.1 Liquidity of the Sukuk Musharakah**

The Sukuk Musharakah comprise a new issue of securities for which there is currently no established secondary market. There is no assurance that a secondary market for the Sukuk Musharakah will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the tenure of the Sukuk Musharakah.

The market value of the Sukuk Musharakah may fluctuate, and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Sukuk Musharakah. An investor in the Sukuk Musharakah must be prepared to hold the Sukuk Musharakah until the earlier of the Maturity Date or the Dissolution Date.

### **4.2.2 The credit rating of the Sukuk Musharakah Programmes**

The Sukuk Musharakah Programmes has been accorded an initial credit rating of MARC-1<sub>IS</sub> for the ICP Programme and AA-<sub>IS</sub> for the IMTN Programme by MARC.

A credit rating addresses the likelihood of full and timely payment of profit and principal to the holders of the Sukuk Musharakah. A credit rating is not a recommendation to buy, hold or sell the Sukuk Musharakah and there can be no assurance that such a credit rating will not be revised on a periodic review basis by the said credit rating agency during the tenure of the Sukuk Musharakah Programmes or that such a credit rating will not be withdrawn entirely if circumstances in the future so warrant.

Any downgrade or withdrawal of a credit rating will not in itself constitute a dissolution event under the Sukuk Musharakah Programmes or an event obliging Northport to redeem the Sukuk Musharakah but may have an effect on the liquidity and the market price of the Sukuk Musharakah.

### **4.2.3 Profit rate risks**

Investment in the Sukuk Musharakah involves the risk of subsequent changes in the market conditions, profit rates, Government's policies and regulations concerning, inter alia, monetary and fiscal issues, which may adversely affect the value of the Sukuk Musharakah. The Sukuk Musharakah are fixed income Islamic securities and therefore its prices may fluctuate due to movements in profit rates. Generally, a rise in profit rates may cause a fall in the prices of bonds. The Sukuk Musharakah may be similarly affected, resulting in a capital loss for the Sukukholders. Conversely, when profit rates fall, bond prices and the prices at which the Sukuk Musharakah are traded may rise. Sukukholders may enjoy a capital gain but the profit received may be reinvested for lower returns.

### **4.2.4 Ability of Northport to meet their respective obligations**

The Sukuk Musharakah constitutes direct, unconditional and unsecured obligations of Northport. The ability of Northport to meet its obligations to the Sukukholders in terms of payment of amounts due under the Sukuk Musharakah will depend on the strength of its net cashflow which may be affected by, amongst others, its operating performance, financial condition, capital expenditure and dividends declared. Dividends may be declared by Northport after having met, amongst others, the covenanted Finance Service Cover Ratio of at least 1.5 times and Finance to Equity ratio of not more 1.75 times post dividend payment.

All payments under the Sukuk Musharakah will not be the obligations or responsibilities of any other person other than Northport, in particular the Sukuk Musharakah will not be the obligations or responsibilities of the Joint Lead Arrangers, the Joint Lead Managers, the

Facility Agent, the Sukuk Trustee and/or any subsidiary or affiliate thereof, and any other person involved or interested in the transactions envisaged under the Sukuk Musharakah.

#### **4.2.5 Suitability of Investment**

The Sukuk Musharakah issued under the Sukuk Musharakah Programmes may not be a suitable investment for all investors. Each potential investor in the Sukuk Musharakah must determine the suitability of the investment in light of its own circumstances.

In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Musharakah, the merits and risks of investing in the Sukuk Musharakah and the information contained in this Information Memorandum;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Musharakah and the impact the Sukuk Musharakah will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Musharakah, including where the currency of payment is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Sukuk Musharakah and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

#### **4.2.6 Shariah compliance**

The Shariah Adviser has issued a pronouncement confirming amongst others that, the transaction and structure of the Sukuk Musharakah are Shariah-compliant as of the date of such pronouncement. Potential investors should obtain their own independent Shariah advice as to the Shariah compliance of the transaction and structure of the Sukuk Musharakah.

#### **4.2.7 Change of law**

The structure of the transaction and the issue of the Sukuk Musharakah are based on Malaysian law, tax and administrative practices in effect as at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practices. No assurance can be given that Malaysian laws, tax or administrative practices will not change after the date of issue of the Sukuk Musharakah or that such change will not adversely impact the structure of the transaction and the treatment of the Sukuk Musharakah.

### **4.3 GENERAL INVESTMENT CONSIDERATIONS**

#### **4.3.1 Political and economic considerations**

The development and performance of Northport may be affected by economic and political uncertainties, which are beyond the control of Northport, such as the change of policies relating to ports privatisation and ports master plan, risk of war, risk of terrorist attacks, expropriation and renegotiations or nullification of existing contracts.

Investors should note that Northport strive to continue to take effective measures such as prudent financial management and efficient operating procedures to mitigate such risk.

#### 4.3.2 **Regulatory environment**

Northport's principal business activities are regulated and supervised by various Malaysian government authorities and statutory bodies/agencies.

Port operators in Port Klang are regulated by the Minister of Transport, Malaysia and PKA which have extensive powers under the PAA and PPA in relation to the licensing and regulation for the port privatisation and the port industry. Any changes in the regulatory and legal framework are beyond Northport or any other port operator's control and may affect the way Northport conducts its business.

#### 4.3.3 **Force majeure**

An event of force majeure is an event which is not within the control of the party affected, which that party is unable to prevent, avoid or remove and includes war and acts of terrorism, riot and disorders and natural catastrophes. The occurrence of a force majeure event may have a material impact on Northport's business or operations.

*The remainder of this page is intentionally left blank*

## **SECTION 5 BUSINESS OVERVIEW OF NORTHPORT**

### **5.1 HISTORY AND BACKGROUND OF NORTHPORT**

The Government has privatised to Northport the operation of container handling pursuant to the 1986 MoU and approved the expansion of container handling to include the conventional Wharf No. 11 and back-up area pursuant to the 1994 Privatisation Agreement ("**KCT Privatisation**").

The Government has also privatised to KPM the business of operating, managing, maintaining and providing port terminal cargo handling facilities and services of Northport and South Port pursuant to the 1992 Privatisation Agreement ("**KPM Privatisation**").

Following a corporate restructuring exercise undertaken by Northport and KPM in 2001 and the management agreement signed between the two parties on 19 October 2001, all the business and operations of KPM were henceforth contractually managed and operated by Northport.

The concession period for KCT Privatisation expired on 16 March 2007 whereas the concession period for KPM Privatisation expired on 30 November 2013. By way of an interim privatisation agreement dated 8 January 2014 entered into between the Government, PKA and Northport, the concession period for the KCT Privatisation has been further extended to 30 November 2013 ("**2013 Interim KCT Privatisation**") based on the same terms and conditions of the 1986 MoU and 1994 Privatisation Agreement.

On 10 January 2014, by way of a letter from the UKAS to Northport, the Government has agreed that the concession for the port operation in the North Port and South Port be granted to Northport for a period of 30 years effective from 1 December 2013 to 30 November 2043, subject to the finalisation of the terms and conditions of the new concession agreement and the execution thereof by the parties.

Pending the finalisation of the new concession agreement and to ensure the continuous port operation, by way of an interim privatisation agreement dated 28 March 2014 entered into between the Government, PKA and Northport, the Government has agreed to allow Northport to continue to operate, manage and control the relevant port business on the interim basis based on the same terms and conditions of the 1992 Privatisation Agreement and 2013 Interim KCT Privatisation ("**2014 Interim Privatisation Agreement**").

In addition, Northport was granted the 2013 Licence to provide port facilities and services and operate the container handling business at North Port and South Port which shall, unless earlier terminated or revoked, come into force on 1 December 2013 and shall terminate on 30 November 2014. The license will then be subsequently renewed on an annual basis.

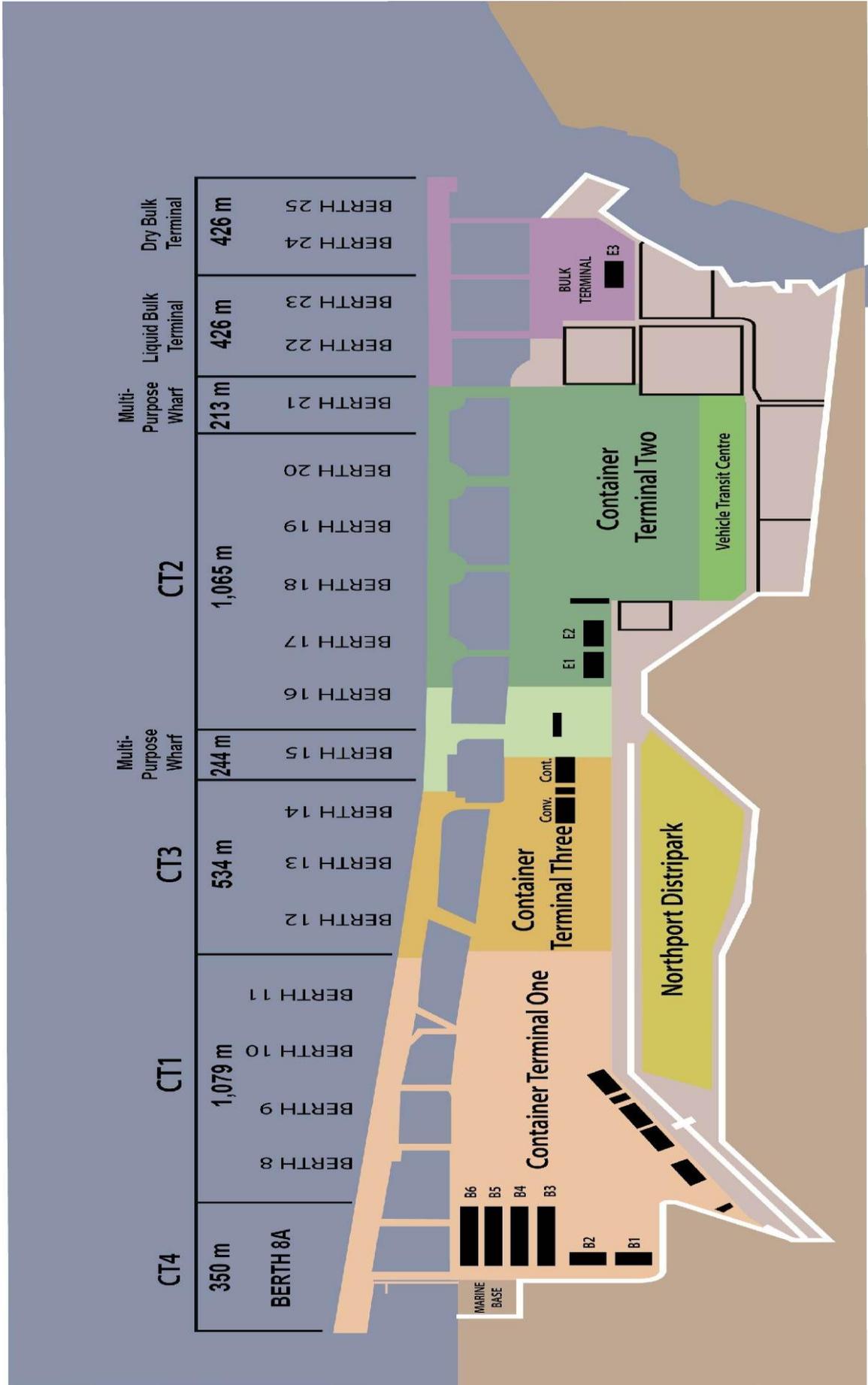
Moving forward, Northport will be the sole concession holder and licence holder to operate North Port and South Port instead of the present arrangement of having the concessions and licences held by both Northport and KPM.

### **5.2 BUSINESS OVERVIEW**

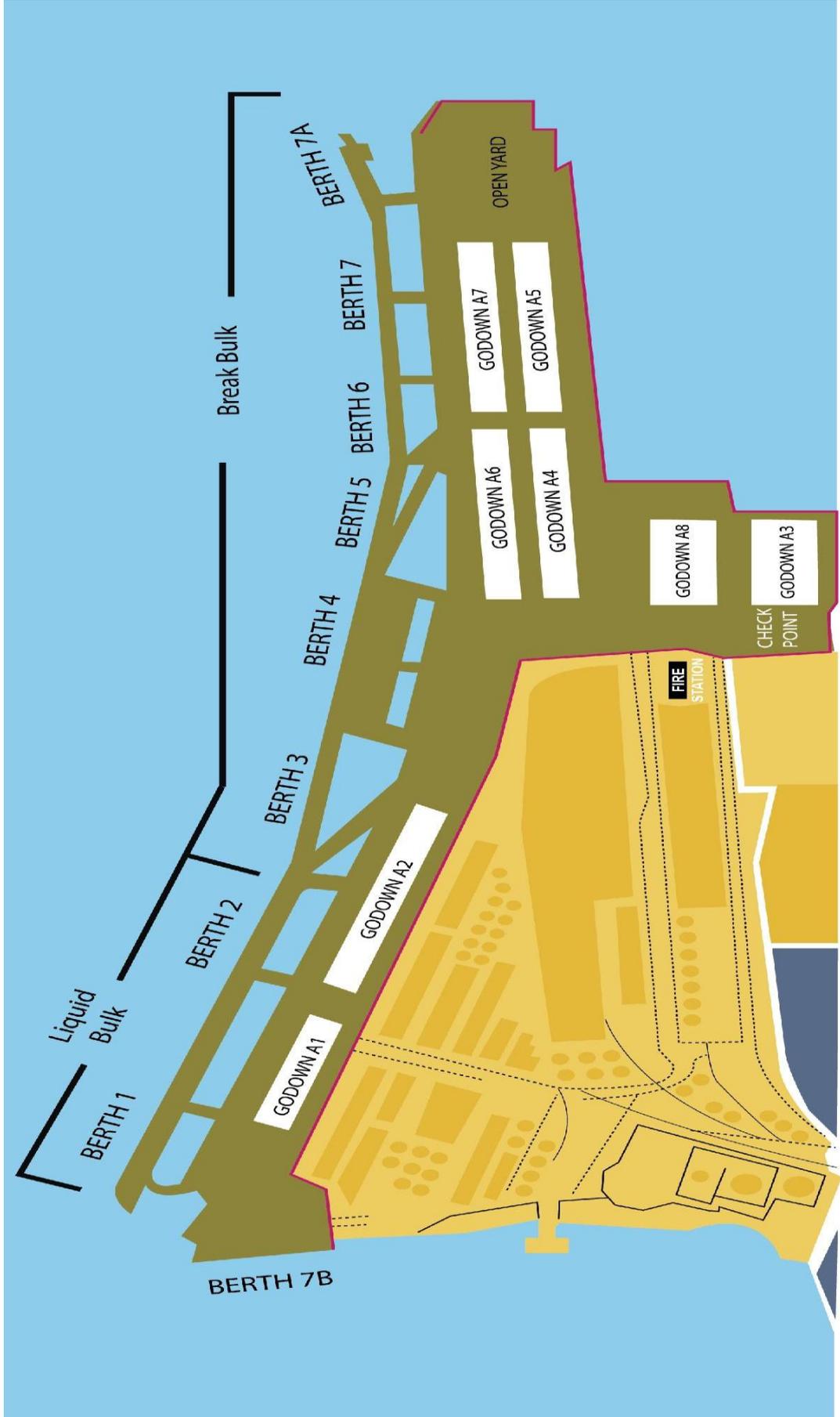
The Group provides dedicated and modern multipurpose port facilities and services located at the following two (2) locations in Port Klang:

- (i) North Port – container and conventional cargo handling facilities; and
- (ii) South Port– conventional cargo handling facilities.

The following is the layout of North Port facilities;



The following is the layout of South Port facilities;



Port Klang has played a critical role in establishing growth in Malaysia's trade and is projected to continue to do so in the future. Port Klang has risen from the 54<sup>th</sup> largest container port in the world in 1986 to 13<sup>th</sup> position in 2013.

The Group played an essential role in elevating Port Klang as one of Malaysia's key gateways, handling from 242,000 TEU in 1986 to its peak of 3.3 million TEU in 2010 comprising of 1.5 million TEUs of export/import container traffic and 1.4 million TEUs of transshipment traffic; the remaining was handling of Empty and Restow containers. In 2013, the Group handled 25% of Malaysia's total domestic container traffic and 42% of Port Klang's total domestic traffic. North Port is currently ranked third in Malaysia in terms of container capacity.

There were 6,217 ship calls to North Port and South Port in 2013, with services provided to 300 port-of-calls in major parts of the world. It offers more links to worldwide ports than any other port in Malaysia and has emerged as one of the most important hubs in the region with ship calls to Intra Asia, Gulf / Indian subcontinent, Australia / South Pacific, Africa and Europe. North Port is currently a hub for Wan Hai Lines; one of the biggest Asia shipping companies and home to major shipping lines plying East Malaysia routes. In addition, North Port is also the main centre for Master Co Loaders at Port Klang with major freight forwarders using its depot facilities for packing and unpacking of both Full Container Load ("FCL") and Loose Container Load ("LCL") cargoes.

As testament of its excellence, Northport was awarded the "The Top Ten Most Preferred Brand" for the 2008 SMEs Chapter Awards, Asia's Best Container Terminal (under 4 million TEUs) in 2009, 2009 Smart Partnership Award, Best Multipurpose Port Operator of the Year award in 2009, Human Resource Development Award 2009 for the Major Employer (Services) category, Top 10 Masters Awards in 2010, 2010 Best Container Terminal Award for the Asian region in the under 4 million TEU's per annum category, The Malaysian Institute of Logistics, -Malaysia Logistics Excellence Award 2011, Malaysia Achievement Awards 2012 (Special Achievement Category), Employer of Choice Award 2012 (Silver Category) and the Sustainable Port of The Year Award for 2014.

### 5.3 PORT OPERATIONS

Current principal activity of Northport is the management of port activities which comprises the provision of container handling services, storage, stevedoring and other ancillary services.

The following table sets out the Proforma Amalgamated Revenue breakdown by segment for the past three (3) financial years:

FYE 31 December	2011		2012		2013	
	RM('000)	%	RM('000)	%	RM('000)	%
<b>Container Services</b>	498,687	72.9	476,508	73.3	427,671	69.0
<b>Conventional Cargo</b>	99,663	14.6	99,125	15.3	117,341	18.9
<b>Others</b>	85,947	12.5	74,273	11.4	74,513	12.1
<b>Total</b>	684,297	100.0	649,906	100.0	619,525	100

#### Container Cargo Handling

Container cargo handling is the largest contributor to the Proforma Amalgamated Revenue. It accounted for approximately 69.0% of the Proforma Amalgamated Revenue for the FYE 31 December 2013.

North Port has a terminal capacity of 5.6 million TEUs per annum of which 600,000 TEU was increased by end of 2013 with the completion of Wharf 8A or Container Terminal 4. Hence,

the Group is in a position to accommodate ultra-large vessels to meet the needs of its customers.

The container cargo handling business of the Group comprises mainly the handling of domestic container traffic as well as transshipment traffic. In 2013, the container handled by the Group was approximately 2.88 million TEUs of which domestic cargoes and transshipment cargoes was 54% and 46% respectively. The total domestic container traffic handled by the Group contributed to 42% of Port Klang's total domestic container traffic and 25% of the nation's total domestic traffic.

- (a) Domestic (Import and Export) container traffic.  
The domestic container traffic represents trading activities of the country as imported cargoes are used for value-added activities either for internal consumption or for export of finished products to other countries. In this respect, the container traffic at North Port demonstrates its importance as a major trading hub of the nation. Its location and surrounding industrial linkages further enhance its value proposition as a preferred port of choice.
- (b) Transshipment.  
Unlike domestic container traffic, transshipment cargo traffic refers to container movement at the port resulting from transfer of containers from one vessel to another vessel prior to such containers reaching their final destination outside of the country.

#### Conventional Cargo Handling

Conventional cargo handling accounted for approximately 18.9% of the Proforma Amalgamated Revenue for the FYE 31 December 2013.

In 2013, the conventional cargo handled by the Group was approximately 8.21 million freight weight tonnes (FWT), of which liquid bulk, dry bulk and break bulk cargo, are 31%, 31% and 38% respectively of the total conventional cargo handled. The Group's port facilities are able to handle up to 12 million FWT per annum.

- (a) Liquid bulk. Dominated by palm oil and petroleum products. Around 25% of the Group's palm oil exports in 2013 are handled at South Port;
- (b) Dry bulk. Dominated by palm kernel expeller but there is also a long tail of smaller commodities such as fertilizers, coal & coke, grain, chemicals and cement; and
- (c) Break bulk. Dominated by iron and steel. Other break bulk cargo handled includes bagged cargoes, timber, vehicles and others. Approximately 28% of the Group's break bulk in 2013 are handled at South Port.

#### Others

In addition, the Group also provides supporting services for its clients which include marine services for vessels calling at the port and also depot services. Together, the marine services, depot services and other services contributed to 12.1% of the Proforma Amalgamated Revenue in 2013.

## 5.4 MAJOR CUSTOMERS

Northport's top ten major container customers consist of APL-Nol, Hubline Berhad, Inter Asia Lines, Korean Marine Transport Co.Lines, Maersk Lines, Mitsui O.S.K. Lines, NYK Line (Nippon Yusen Kaisha Line), Shin Yang Shipping Corporation Bhd, TS Container Lines and Wan Hai Lines.

## 5.5 FUTURE BUSINESS PLAN

The construction of Wharf 8A has been completed and has commenced operations in December 2013. The facility provides extended quay length of 350 metres and enables Northport to provide latest and upgraded infrastructures (15 metres alongside depth with 4 gantry cranes with outreach of 22 boxes across).

With the completion of the Wharf 8A project, Northport is re-profiling the range of facilities it is capable of offering in terms of both capacity of the berth strength and depth as well as supporting equipment installed thereat. Northport is well-equipped to service the expansion of its present customer base as well as to accommodate new customers.

Northport aspires to continue being one of the main Gateway and Leading Regional hub by 2020. It has set out a journey map based on the following axis:

1. Cultivating Excellence
2. Total Customer Satisfaction
3. Main Gateway and Leading Regional hub

Challenges	Objectives	Strategic Focus	Key Result Area	Initiatives
Strategic	To Remain Profitable	Revenue Management	<ul style="list-style-type: none"> <li>▪ Customer Management</li> <li>▪ Market Share</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer Intimacy</li> <li>▪ Customer Satisfaction Culture</li> <li>▪ Appreciated Experience</li> </ul>
		Cost Management	<ul style="list-style-type: none"> <li>▪ Resources Utilization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Activity based Management</li> </ul>
	To Improve Connectivity	Capacity Management	<ul style="list-style-type: none"> <li>▪ Asset Utilization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equipment, Berth &amp; Yard Optimization</li> </ul>
Operational	To improve Productivity	Internal Processes	<ul style="list-style-type: none"> <li>▪ Quality Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rejuvenate</li> <li>▪ Innovation</li> </ul>
	To enhance Efficiency	People Management	<ul style="list-style-type: none"> <li>▪ Competency and Skill</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engagement Development</li> <li>▪ Retention</li> </ul>

In furtherance of the above, Northport had initiated actions and proposed structured business strategies for immediate execution.

The strategies are:

### 1. People Management to strengthen human capital

Strengthen core and leadership competencies and build confidence level of operation and support staff to meet intense competition and meeting total customers satisfaction. Emphasis on educating employees on action oriented risk based management and work based strategic alignment are currently in progress.

### 2. Capacity Management to cope with growth

Recognising the shipping lines expectation and demand on connectivity and the flexibility of infrastructure to accommodate ultra-large vessels (ULV), the senior management had identified the need to invest further in the infrastructure. The length of Wharf 8A alone is insufficient to meet liners increasing deployment of ULV.

In order to fully utilise Wharf 8A to handle ULV, Northport plans to upgrade the existing Wharf 8 to complement Wharf 8A. The total length of Wharf 8 to be upgraded is 213m and when

combined with 350m of Wharf 8A, will place Northport in a position to accept an E-Class Maersk's ship (at 400m length overall (LOA)) and one coastal/feeder vessel or two medium size vessels of up to 250m LOA at any one time. Northport plans to increase the container handling capacity to approximately 6.3 million TEUs by 2017.

### **3. Productivity and Quality Management through technology and innovation**

Leveraging on technology for improved productivity and cost effectiveness such as investment in Electric-RTG and Twinlift spreaders in a wider scope and investment in Information Technology to speed up business processes and customer management.

### **4. Develop Northport's business Blue Print beyond 2020**

It is important for Northport in its next phase of operating cycle to undertake a long term planning and strategic execution.

With this in mind, Northport had initiated plans on the infrastructure investment for the next 15 years by Business units:

#### **Container Services**

- Upgrading of berth to improve connectivity and productivity. This include among others upgrading of Wharf 8 to complement the recently completed Wharf 8A, upgrading of Wharf 16 with additional Quay Cranes comparable to latest industry standard in the region and increasing other support equipments. The terminal is also looking into further optimisation of its container yard.

#### **Conventional Cargo Services**

- This include among others; redevelopment of Dry Bulk Terminal facilities; rationalisation of existing berths to be used as a multi-purposed berth to cater for container, break bulk and Roll-on/Roll-off (Vehicle carriers) and improvement to conventional cargo storage area.

#### **Logistics Services**

- This include among others; upgrading of warehouses facilities, replacement of ageing forklifts and realignment of Custom checkpoint facility and Security gates.

Northport will continue to convince relevant authorities to execute dredging of access channel, relieve traffic congestion, invest in double tracking rail network to facilitate inter terminal transfer between the two ports.

Northport recognises the potential of intra ASEAN trading activities contributed by increasing population, higher income and preference as hub of manufacturing activities. This presented an opportunity for Northport to tap into the increasing short sea trades that will utilise smaller and mid size vessels and can be immediately serviced by the terminal at Northport.

With the growth of local volumes dependent upon the growth of Malaysia's economy coupled with the ASEAN regional growth, Northport is ready to tap into the expanding trading activities requiring import and export of goods to and from Malaysia and benefit from linkages it has with surrounding ASEAN and Asia countries.

Northport also intend to increase feeder services and frequencies to complement its focus on increasing container transshipment activities and provide value add to its current and potential customers.

## SECTION 6 INDUSTRY OVERVIEW

*The information below is included for information purposes only and has not been independently verified by the Joint Lead Arranger and the Joint Lead Managers. All data and information below have been obtained from publicly available official sources of Malaysia. Neither the Issuer, any one of the JPAs/JLAs/JLMs nor any other party will be held responsible for any information contained herein.*

### 6.1 ECONOMIC AND FINANCIAL DEVELOPMENTS IN MALAYSIA IN THE THIRD QUARTER OF 2014

The global economy continued to expand at a moderate pace in the third quarter of 2014, with uneven growth performances across economies. While the US economy continued to show broader signs of improvements, growth in the euro area remained subdued amid persistent structural constraints and weakening sentiments. In Asia, economic activity continued to expand, although growth was more moderate in several economies.

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014 (2Q 2014: 6.5%), supported by private sector demand and continued positive growth in net exports of goods and services. On the supply side, growth in the major economic sectors was sustained, supported by trade and domestic activities. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.9 % (2Q 2014: 1.9%).

Private sector activity remained the key driver of growth during the quarter. Private consumption registered a growth of 6.7% in the third quarter (2Q 2014: 6.5%), supported by stable labour market conditions and continued wage growth. Private investment expanded at a slower pace of 6.8% (2Q 2014: 12.1%), attributed to a decline in spending on machinery and equipment, particularly in the transportation segment.

Public consumption turned positive to 5.3% (2Q 2014: -0.5%), reflecting higher Government spending on supplies and services. Public investment, however, declined further by 8.9% (2Q 2014: -3.3%), attributed mainly to the near completion of a few projects by public enterprises and the continued contraction in the Federal Government development expenditure. Going forward, investment activity will be supported by continued flow of ongoing and new projects by the private and public sectors.

On the supply side, positive growth was experienced across all economic sectors in the third quarter. The services sector recorded sustained growth, supported mainly by the consumption- and production-related services sub-sectors. Similarly, growth in the construction sector also remained sustained, driven by the residential and non-residential sub-sectors. After an exceptionally strong performance in the second quarter, the manufacturing sector expanded at a more moderate pace amid slower domestic-oriented activity. The agriculture sector registered a slower growth following weaker output of palm oil and rubber, while the mining sector grew at a more moderate pace amidst lower production of natural gas and condensates.

The inflation rate, as measured by the annual change in the Consumer Price Index (CPI), averaged lower at 3.0% in the third quarter (2Q 2014: 3.3%). The decline was mainly attributed to the lower inflation in the transport category (3.7%, 2Q 2014: 5.4%), reflecting the lapse in the impact of the price adjustment made in September 2013 for RON95 petrol and diesel.

The trade surplus narrowed to RM16.8 billion (2Q 2014: RM18.5 billion). Gross exports grew at a slower pace of 1.5% (2Q 2014: 14.4%), arising from a higher base in the third quarter of 2013. Gross imports also moderated, registering a growth of 2.6% in the third quarter (2Q 2014: 8.5%).

The international reserves of Bank Negara Malaysia (BNM) amounted to RM416.9 billion (equivalent to USD127.3 billion) as at 30 September 2014. This reserves level has taken into

account the quarterly adjustment for foreign exchange revaluation changes. As at 31 October 2014, the reserves position amounted to RM419.7 billion (equivalent to USD128.1 billion), sufficient to finance 8.8 months of retained imports and is 1.2 times the short-term external debt.

### **Interest rates adjusted upwards following the increase in the OPR**

On 10 July 2014, the Monetary Policy Committee (MPC) raised the Overnight Policy Rate (OPR) by 25 basis points to 3.25%. Interbank rates rose in the third quarter reflecting the increase in OPR. The daily weighted average overnight interbank rate (AOIR) traded higher in a range of 3.18% to 3.25% from 11 July to 30 September. Interbank rates of other maturities also rose accordingly. The average base lending rate (BLR) of commercial banks increased by 25 basis points to 6.79%, while the weighted average lending rate (ALR) on outstanding loans trended higher to 5.52% as at end-September. The overall cost of borrowing, however, remained supportive of economic activity and overall lending rates continued to be below the levels prior to the Global Financial Crisis.

The monetary aggregates continued to expand in the third quarter. M1, or narrow money, increased by RM1.2 billion during the quarter. On an annual basis, M1 expanded by 6.7% as at end-September (end-June 2014: 10.2%). M3, or broad money, increased by RM10.5 billion on a quarter-on-quarter basis to record an annual growth rate of 5.2% as at end-September (end-June 2014: 5.6%). The increase in M3 during the quarter was driven mainly by the continued expansion in credit extended to the private sector by the banking system and higher net claims on the Government. Total gross financing raised by the private sector through the banking system and the capital market amounted to RM302.1 billion in the third quarter (2Q 2014: RM281.0 billion). On a net basis, outstanding banking system loans and private debt securities (PDS) expanded by 8.9% as at end-September (end-June 2014: 9.1%). Net funds raised in the capital market were slightly lower at RM17.1 billion in the third quarter (2Q 2014: RM17.2 billion).

The ringgit was on an appreciating trend against most major and regional currencies during the earlier part of the quarter, mainly driven by higher demand for Malaysian bonds following the release of strong data on the domestic economy. The ringgit, however, reversed its trend towards the end of the quarter due to external developments, in tandem with most other regional currencies. Expectations for a faster-than-expected policy rate increase in the US following releases of strong US economic data led to the shift towards US financial assets and an outflow of funds from regional financial markets, particularly from equity markets.

Overall, the ringgit depreciated 1.9% against the US dollar but appreciated against the Japanese yen (5.9%), the Australian dollar (5.6%), euro (5.5%) and the pound sterling (2.8%). The ringgit exhibited a mixed performance against regional currencies.

Between 1 October and 12 November 2014, the ringgit depreciated against the US dollar by 2.1%. The ringgit appreciated against the Japanese yen (3.7%) and the pound sterling (0.1%), but depreciated against the euro (0.3%) and the Australian dollar (1.3%). Against regional currencies, the ringgit strengthened against the Korean won (2.3%), but depreciated against other currencies by between 0.5% and 2.4%.

### **Domestic financial stability continued to be well preserved**

The Malaysian financial system remained resilient despite continued volatility in the domestic financial market arising from uncertainties in the external environment, prevalent in the latter half of September. Financial intermediation remained well-supported by sound financial institutions, orderly financial market conditions and sustained confidence in the financial system. While the period ahead is expected to remain challenging, the outlook for domestic financial stability continues to be positive.

Financial soundness indicators of banks and insurers were strong as reflected in high capitalisation, profitable business and ample liquidity. The common equity tier 1 (CET1)

capital ratio, tier 1 capital ratio and total capital ratio of the banks were well above the minimum regulatory levels, at 12.8%, 13.5% and 15.5%, respectively. More than 80% of the banks' total capital consists of high quality capital, as represented by the strong CET1 level in the form of paid-up capital, retained earnings and reserves. Total capital buffers for banks, which are in excess of the minimum total regulatory capital requirement stood at more than RM90 billion. The Capital Adequacy Ratio of insurers stood at 246.9% (2Q 2014: 249.7%) with an excess capital buffer of RM24.4 billion (2Q 2014: RM25.7 billion).

### The Malaysian economy to remain on a steady growth path

Going forward, global growth is expected to remain moderate. Growth across the advanced economies is expected to remain uneven. In Asia, growth will be underpinned by a continued expansion in domestic demand and exports. Nevertheless, there remain considerable downside risks to global growth. These include prolonged weakness in domestic demand and low inflation in a number of major economies, uncertainty over monetary policy adjustments in the key advanced economies and persistent geopolitical tensions that could heighten financial market volatility.

While risks to growth have increased, Malaysian economy is expected to remain on a steady growth path. Although exports will benefit from the recovery in the advanced economies and from regional demand, the trend is likely to moderate reflecting both the high base effect from 2013 and lower commodity prices. While private consumption may moderate, investment activity will be supported by continued flow of ongoing and new projects by the private and public sectors. Going forward, domestic demand will remain the key driver of growth.

(Source: Bank Negara Malaysia Quarterly Bulletin (Third Quarter of 2014))

## 6.2 OVERVIEW AND OUTLOOK OF THE PORT INDUSTRY

Currently there are 7 major federal ports in Malaysia, namely Port Klang, Port of Tanjung Pelepas, Penang Port, Johor Port, Bintulu Port, Kuantan Port and Sabah port. One of the policies driven by the GOM was port and infrastructure privatisations, which have driven towards adding more capacity, productivity, efficiency and competition (lower tariffs). All the major ports in the country have been privatised.

Of the main federal ports in Malaysia, the most important are Port Klang, Port Tanjung Pelepas and Penang Port as these ports are situated in the major trade lane i.e. Malacca straits and have the potential for becoming international transshipment hubs.

Some selective Malaysian ports' statistics of the total cargo throughput by ports, the total cargo by throughputs by ports and type and the total container throughput by ports and the total number of ships calling by ports are set out below.

### Total Cargo Throughput by Ports, Malaysia

No.	Ports		First Quarter 2014	Second Quarter 2014	Third Quarter 2014
			('000) Freight weight Tonnes		
1.	Kelang	Export	22,903	23,402	24,597
		Import	28,921	30,537	31,584
		Trans-shipment	-	-	-
		<b>Total</b>	<b>51,824</b>	<b>53,939</b>	<b>56,181</b>
2.	Pulau Pinang	Export	3,117	3,280	3,314
		Import	3,877	4,276	4,160
		Trans-shipment	208	193	185
		<b>Total</b>	<b>7,203</b>	<b>7,749</b>	<b>7,659</b>
3.	Johor	Export	2,726	2,609	2,635
		Import	3,608	4,542	4,218
		Trans-shipment	-	-	-

No.	Ports		First Quarter	Second	Third Quarter	
			2014	Quarter 2014	2014	
			('000) Freight weight Tonnes			
4.	Kuantan	<b>Total</b>	<b>6,334</b>	<b>7,151</b>	<b>6,853</b>	
		Export	4,340	3,640	4,660	
		Import	1,064	1,249	1,067	
		Trans-shipment	-	-	-	
5.	Bintulu	<b>Total</b>	<b>5,405</b>	<b>4,889</b>	<b>5,727</b>	
		Export	9,402	9,349	9,033	
		Import	1,229	1,594	1,452	
		Trans-shipment	385	433	404	
6.	Tanjung Bruas	<b>Total</b>	<b>11,016</b>	<b>11,376</b>	<b>10,889</b>	
		Export	19	51	56	
		Import	84	69	69	
		Trans-shipment	-	-	-	
7.	Kuching	<b>Total</b>	<b>103</b>	<b>120</b>	<b>124</b>	
		Export	563	581	595	
		Import	1,669	1,836	1,663	
		Trans-shipment	-	-	-	
8.	Miri	<b>Total</b>	<b>2,232</b>	<b>2,416</b>	<b>2,257</b>	
		Export	1,353	1,299	1,282	
		Import	170	190	168	
		Trans-shipment	-	-	-	
9.	Rajang	<b>Total</b>	<b>1,523</b>	<b>1,489</b>	<b>1,450</b>	
		Export	114	109	109	
		Import	335	322	329	
		Trans-shipment	-	-	-	
10.	Sabah	<b>Total</b>	<b>449</b>	<b>431</b>	<b>438</b>	
		Export	3,318	3,500	3,511	
		Import	3,336	3,776	3,567	
		Trans-shipment	-	-	-	
11.	Port Dickson	<b>Total</b>	<b>6,655</b>	<b>7,275</b>	<b>7,078</b>	
		Export	645	619	593	
		Import	3,331	2,001	2,142	
		Trans-shipment	-	-	-	
12.	Kemaman	<b>Total</b>	<b>3,975</b>	<b>2,621</b>	<b>2,735</b>	
		Export	732	746	603	
		Import	645	508	592	
		Trans-shipment	-	-	-	
13.	Teluk Ewa	<b>Total</b>	<b>1,377</b>	<b>1,254</b>	<b>1,195</b>	
		Export	795	840	678	
		Import	168	175	182	
		Trans-shipment	-	-	-	
14.	Tanjung Pelepas	<b>Total</b>	<b>963</b>	<b>1,015</b>	<b>860</b>	
		Export	1,295	1,314	1,366	
		Import	461	448	452	
		Trans-shipment	28,171	31,304	32,245	
<b>GRAND TOTAL</b>		<b>Total</b>	<b>29,926</b>	<b>33,066</b>	<b>34,062</b>	
		Export	51,322	51,338	53,032	
		Import	48,898	51,523	51,643	
		Trans-shipment	28,764	31,930	32,834	
			<b>Total</b>	<b>128,984</b>	<b>134,791</b>	<b>137,509</b>

*The remainder of this page is intentionally left blank*

**Total Cargo Throughput by Ports and Type, Malaysia**  
**First Quarter, 2014**

No.	Ports	Total of Dry Bulk, Liquid Bulk and General Cargo (‘000) Freight weight Tonnes	Containerised Cargo	Grand Total
1.	Kelang	6,167	45,657	51,824
2.	Pulau Pinang	2,533	4,670	7,203
3.	Johor	6,334	-	6,334
4.	Kuantan	4,926	479	5,405
5.	Bintulu	9,952	1,056	11,008
6.	Tanjung Bruas	103	-	103
7.	Kuching	962	1,269	2,232
8.	Miri	1,336	187	1,523
9.	Rajang	81	366	447
10.	Sabah	6,655	-	6,655
11.	Port Dickson	3,975	-	3,975
12.	Kemaman	1,377	-	1,377
13.	Teluk Ewa	963	-	963
14.	Tanjung Pelepas	-	29,926	29,926
<b>TOTAL</b>		<b>45,364</b>	<b>83,610</b>	<b>128,974</b>

**Second Quarter, 2014**

No.	Ports	Total of Dry Bulk, Liquid Bulk and General Cargo (‘000) Freight weight Tonnes	Containerised Cargo	Grand Total
1.	Kelang	6,832	47,107	53,939
2.	Pulau Pinang	2,660	5,089	7,749
3.	Johor	7,151	-	7,151
4.	Kuantan	4,344	545	4,889
5.	Bintulu	10,199	1,177	11,376
6.	Tanjung Bruas	120	-	120
7.	Kuching	963	1,453	2,416
8.	Miri	1,276	213	1,489
9.	Rajang	38	392	430
10.	Sabah	7,275	-	7,275
11.	Port Dickson	2,621	-	2,621
12.	Kemaman	1,254	-	1,254
13.	Teluk Ewa	1,015	-	1,015
14.	Tanjung Pelepas	-	33,066	33,066
<b>TOTAL</b>		<b>45,748</b>	<b>89,042</b>	<b>134,790</b>

**Third Quarter, 2014**

No.	Ports	Total of Dry Bulk, Liquid Bulk and General Cargo (‘000) Freight weight Tonnes	Containerised Cargo	Grand Total
1.	Kelang	6,669	49,512	56,181
2.	Pulau Pinang	2,574	5,085	7,659
3.	Johor	6,853	-	6,853
4.	Kuantan	5,201	526	5,727

No.	Ports	Total of Dry Bulk, Liquid Bulk and General Cargo ('000) Freight weight Tonnes	Containerised Cargo	Grand Total
5.	Bintulu	9,734	1,155	10,889
6.	Tanjung Bruas	124	-	124
7.	Kuching	942	1,315	2,257
8.	Miri	1,232	218	1,450
9.	Rajang	88	350	438
10.	Sabah	7,078	-	7,078
11.	Port Dickson	2,735	-	2,735
12.	Kemaman	1,195	-	1,195
13.	Teluk Ewa	860	-	860
14.	Tanjung Pelepas	-	34,062	34,062
<b>TOTAL</b>		<b>45,285</b>	<b>92,224</b>	<b>137,509</b>

**Total Container Throughput by Ports, Malaysia**

No.	Ports		First Quarter 2014	Second Quarter 2014 TEU	Third Quarter 2014
1.	Kelang	Export	455,400	490,680	497,153
		Import	441,210	501,380	502,734
		Trans-shipment	1,645,782	1,732,289	1,803,540
		<b>Total</b>	<b>2,542,392</b>	<b>2,724,349</b>	<b>2,803,427</b>
2.	Pulau Pinang	Export	144,190	150,560	148,334
		Import	129,935	147,195	136,527
		Trans-shipment	24,146	26,183	28,007
		<b>Total</b>	<b>298,271</b>	<b>323,938</b>	<b>312,868</b>
3.	Johor	Export	84,583	85,842	85,786
		Import	89,663	94,175	96,957
		Trans-shipment	18,616	8,159	14,308
		<b>Total</b>	<b>192,862</b>	<b>188,176</b>	<b>197,051</b>
4.	Kuantan	Export	15,978	17,260	16,093
		Import	15,021	15,612	15,349
		Trans-shipment	41	-	-
		<b>Total</b>	<b>31,040</b>	<b>32,872</b>	<b>31,442</b>
5.	Bintulu	Export	22,011	23,315	24,062
		Import	21,275	25,378	24,832
		Trans-shipment	20,455	20,547	20,189
		<b>Total</b>	<b>63,741</b>	<b>69,240</b>	<b>69,083</b>
6.	Kuching	Export	26,424	29,667	27,078
		Import	24,377	28,789	27,678
		Trans-shipment	3,105	3,580	815
		<b>Total</b>	<b>53,906</b>	<b>62,036</b>	<b>55,571</b>
7.	Miri	Export	3,467	3,645	3,948
		Import	4,023	4,890	4,748
		Trans-shipment	-	-	-
		<b>Total</b>	<b>7,490</b>	<b>8,535</b>	<b>8,696</b>
8.	Rajang	Export	6,956	7,142	7,600
		Import	10,488	11,793	11,979
		Trans-shipment	-	-	-
		<b>Total</b>	<b>17,444</b>	<b>18,935</b>	<b>19,579</b>
9.	Sabah	Export	44,339	49,597	47,754
		Import	44,873	50,481	48,654
		Trans-shipment	5,957	5,235	2,378
		<b>Total</b>	<b>95,169</b>	<b>105,313</b>	<b>98,777</b>

No.	Ports		First Quarter 2014	Second Quarter 2014 TEU	Third Quarter 2014
10.	Tanjung Pelepas	Export	75,963	76,512	85,587
		Import	36,758	33,389	37,394
		Trans-shipment	1,794,503	1,937,594	1,978,525
		<b>Total</b>	<b>1,907,223</b>	<b>2,047,495</b>	<b>2,101,506</b>
<b>GRAND TOTAL</b>		Export	879,313	934,220	943,386
		Import	819,623	913,082	906,852
		Trans-shipment	3,512,603	3,733,587	3,847,762
		<b>Total</b>	<b>5,209,538</b>	<b>5,580,889</b>	<b>5,698,000</b>

#### Total Number of Ships Calling by Ports, Malaysia

No.	Ports		First Quarter 2014	Second Quarter 2014	Third Quarter 2014
1.	Kelang	No.	3,762	3,820	3,902
		GRT ('000)	99,196	99,049	99,200
2.	Pulau Pinang	No.	1,575	1,515	1,479
		GRT ('000)	15,919	14,457	13,000
3.	Johor	No.	993	999	980
		GRT ('000)	6,412	5,485	6,332
4.	Kuantan	No.	585	601	599
		GRT ('000)	6,128	6,025	6,621
5.	Bintulu	No.	1,979	2,192	2,238
		GRT ('000)	17,368	17,015	16,204
6.	Tanjung Bruas	No.	58	99	120
		GRT ('000)	658	1,009	907
7.	Kuching	No.	488	504	447
		GRT ('000)	2,796	2,813	2,549
8.	Miri	No.	394	398	373
		GRT ('000)	1,926	1,598	1,825
9.	Rajang	No.	226	231	233
		GRT ('000)	387	351	335
10.	Sabah	No.	3,264	3,618	3,592
		GRT ('000)	13,857	11,432	9,563
11.	Port Dickson	No.	216	233	211
		GRT ('000)	2,963	3,014	2,683
12.	Kemaman	No.	97	112	131
		GRT ('000)	1,142	1,143	1,076
13.	Teluk Ewa	No.	122	123	112
		GRT ('000)	710	706	639
14.	Tanjung Pelepas	No.	1,151	1,210	1,184
		GRT ('000)	9,208	9,680	9,472
<b>TOTAL</b>		<b>No.</b>	<b>14,910</b>	<b>15,655</b>	<b>15,601</b>
		<b>GRT ('000)</b>	<b>178,714</b>	<b>173,777</b>	<b>170,406</b>

(Source: ASEAN Ports Association Malaysia, Website)

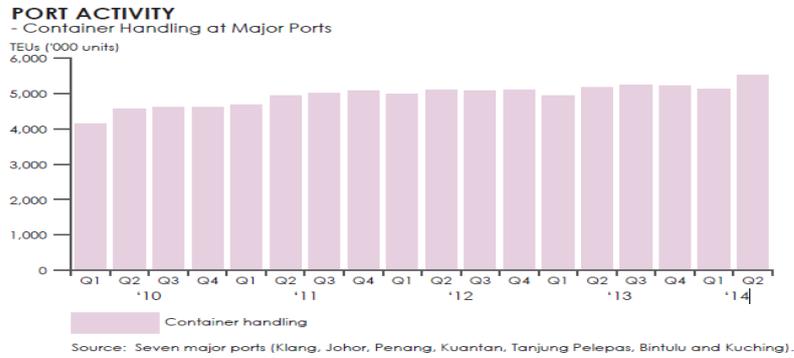
### 6.3 ECONOMIC PROSPECTS AND PERFORMANCE – SECTORAL PERFORMANCE

#### 6.3.1 Services Sector

Growth of the transport and storage subsector remained resilient at 4.6% (Q1 2014: 4.8%) supported by the freight segment and increase in highway, port and airport operations. During the quarter, the total volume of containers handled at seven major ports rose 6.5% to 5.5 million twenty-foot equivalent units (TEUs) (Q1 2014: 3.7%; 5.1 million TEUs) on account of

higher export activities. Port Klang and Tanjung Pelepas both increased their volumes to 2.7 million TEUs and 2.1 million TEUs, respectively (Q1 2014: 2.5 million TEUs; 2 million TEUs). Given these higher volumes, total container throughput increased 49.5% and 38.4%, respectively (Q1 2014: 49.4%; 38%).

## SELECTED SERVICES SECTOR INDICATORS



(Source: Ministry of Finance Malaysia Quarterly Report (Second Quarter of 2014))

*The remainder of this page is intentionally left blank*

## SECTION 7 SELECTIVE FINANCIAL INFORMATION

### 7.1 Northport's Consolidated Financial Information

Northport's audited consolidated financial information for the past three FYE 31 December is tabulated below.

(RM' million)	2011	2012	2013
Revenue	694	664	633
Profit Before Tax	173	197	166
Profit After Tax	147	167	127
Paid-up Capital	309	309	309
Short Term Borrowings	-	-	90
Long Term Borrowings	-	-	-
Shareholders' Funds	1,120	1,052	1,102
Cash and Cash Equivalents	504	263	114
Net current assets/(liabilities)^	465	192	(122)

Notes:

*The figures in the table above include results of NDSB, a wholly owned subsidiary of Northport. NDSB is principally engaged in the management of a distribution centre with warehousing, storage and other associated facilities to support trading activities through Port Klang.*

*^The net current liabilities position reported was mainly due to usage of internal fund and short term borrowing to finance capital expansion.*

### 7.2 Audited Consolidated Financial Statements for FYE 31 December 2013

The audited consolidated financial statements of Northport for FYE 31 December 2013 are set out in Appendix 1 of this Information Memorandum.

### 7.3 Unaudited Proforma Amalgamated Financial Information of Northport and KPM

The Government has granted Northport and KPM, a wholly-owned subsidiary of Northport, the rights to operate the business of container handling at North Port and South Port. However, effective from 1 January 2002, KPM, had transferred the management of its operational activities to Northport pursuant to a management agreement signed between the two parties. Pursuant thereto, the revenue and costs of the port operations of North Port and South Port are shared on a ratio of 60: 40 between KPM and Northport respectively. Moving forward, Northport will be the sole concession holder and licence holder to operate North Port and South Port. Hence, all port operations and assets of North Port and South Port will be entirely reflected in the books of Northport whilst KPM may be only a dormant company.

The following sets out the unaudited proforma amalgamated financial information of Northport and KPM for illustration purposes only to show the sum of the audited financial information of Northport and KPM after elimination of inter-company transactions.

(RM' million)	2011	2012	2013
Revenue	684	650	620
Profit Before Tax	168	191	160
Profit After Tax	144	162	123
Paid-up Capital	309	309	309

<b>(RM' million)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Short Term Borrowings	-	-	90
Long Term Borrowings	-	-	-
Shareholders' Funds	1,063	991	1,036
Cash and Cash Equivalents	477	226	83
Net current assets/(liabilities)	425	145	(175)

#### 7.4 **Unaudited Proforma Amalgamated Financial Statements for FYE 31 December 2013**

The unaudited proforma amalgamated financial statements for FYE 31 December 2013 are set out in Appendix 2 of this Information Memorandum.

#### 7.5 **Unaudited Proforma Amalgamated Financial Information of Northport and KPM for the Nine Months Financial Period Ended 30 September 2014**

The latest unaudited proforma amalgamated financial information for the nine months financial period ended 30 September 2014 of Northport and KPM that has been prepared for illustration purposes only to show the sum of the unaudited financial information of Northport and KPM after elimination of inter-company transactions is tabulated below.

<b>(RM' million)</b>	<b>Proforma Amalgamated</b>
Revenue	407
Profit Before Tax	34
Profit After Tax	29
Paid-up Capital	309
Short Term Borrowings	113
Long Term Borrowings	-
Shareholders' Funds	1,065
Cash and Cash Equivalents	11
Net current liabilities	(206)

#### 7.6 **Unaudited Proforma Amalgamated Financial Statements for the Nine Months Financial Period Ended 30 September 2014**

The unaudited proforma amalgamated financial statements of Northport and KPM for the nine months financial period ended 30 September 2014 are set out in Appendix 3 of this Information Memorandum.

*The remainder of this page is intentionally left blank*

## **SECTION 8 OTHER MATERIAL INFORMATION**

### **8.1 MATERIAL CONTRACTS AS AT 1 OCTOBER 2014**

There are no material contracts, not being contracts entered into in the ordinary course of business of Northport.

### **8.2 MATERIAL LITIGATION AS AT 1 OCTOBER 2014**

The Issuer is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of Directors of the Issuer is not aware of any proceedings pending or threatened against the Issuer or of any fact likely to give rise to any proceedings which may adversely affect the Issuer.

### **8.3 MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES AS AT 1 OCTOBER 2014**

In normal course of business, the Issuer makes various commitments and incurs certain contingent liabilities. The Board of Directors of the Issuer does not anticipate any losses which may materially and adversely impact the Issuer as a result of these transactions.

Kindly refer to Appendix I, for the audited financial statements of the Issuer for the FYE 31 December 2013.

### **8.4 POTENTIAL CONFLICT OF INTEREST AND APPROPRIATE MITIGATING MEASURES**

#### **8.4.1 In relation to the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers**

##### **Affin Hwang Investment Bank Berhad**

Affin Islamic Bank, a related corporation of Affin Hwang IB, has extended a Revolving Credit-i Facility of up to RM200.0 million ("**RC-i Facility**") to the Issuer in September 2013. The RC-i Facility is to bridge the Issuer's funding requirements pending issuance of the Sukuk Musharakah. Part of the proceeds from the Sukuk Musharakah is expected to be utilised to refinance the RC-i Facility.

Affin Hwang IB has considered the potential conflict of interest set out above and believe that objectivity and independence in carrying out its roles have been and will be maintained at all times for the following reasons:

- (i) Affin Hwang IB is a licensed investment bank and its appointment as JPA/JLA/JLM for the Sukuk Musharakah Programmes is in its ordinary course of business;
- (ii) The role of Affin Hwang IB will be governed by the relevant agreements and documentation which shall clearly set out the rights, duties and responsibilities of Affin Hwang IB in its capacity as JPA/JLA/JLM for the Sukuk Musharakah Programmes; and
- (iii) the potential conflict of interest situations have been brought to the attention of the Board of Directors of the Issuer and hence it is fully aware of the same. Notwithstanding the above, the Board of Directors of the Issuer is agreeable to proceed with the Sukuk Musharakah Programmes in accordance with the present arrangement.

Save as disclosed above, after making enquiries as were reasonable in the circumstances, Affin Hwang IB is not aware of any circumstance that may give rise to a potential conflict of interest or a conflict of interest in its capacity as JPA/JLA/JLM in relation to the Sukuk Musharakah Programmes.

#### **Maybank Investment Bank Berhad**

Maybank IB is the JPA/JLA/JLM and Facility Agent for the Sukuk Musharakah Programmes.

Maybank IB confirms that there is no existing or potential conflict of interest in their capacity as the JPA/JLA/JLM and FA for the Sukuk Musharakah Programmes.

#### **8.4.2 In relation to the Solicitors**

##### **Kadir, Andri & Partners**

Kadir, Andri & Partners is the Solicitors to the JPA/JLA/JLM for the Sukuk Musharakah Programmes.

Kadir, Andri & Partners confirms that there is no existing or potential conflict of interest in their capacity as the Solicitors to the JPA/JLA/JLM for the Sukuk Musharakah Programmes.

#### **8.4.3 In relation to the Sukuk Trustee**

##### **Maybank Trustees Berhad**

Maybank Trustees Berhad is the Sukuk Trustee for the Sukuk Musharakah Programmes and a related corporation of Maybank IB.

Maybank Trustees Berhad confirms that they are not aware of any existing or potential conflict of interest situation in their capacity as the Sukuk Trustee for the Sukuk Musharakah Programmes.

#### **8.4.4 In relation to the Shariah Adviser**

##### **Maybank Islamic Berhad**

Maybank Islamic Berhad is the Shariah Adviser for the Sukuk Musharakah Programmes and a related corporation of Maybank IB.

Maybank Islamic Berhad confirms that they are not aware of any existing or potential conflict of interest situation in their capacity as the Shariah Adviser for the Sukuk Musharakah Programmes.

#### **8.4.5 In relation to the Independent Auditor**

##### **Ernst & Young**

Ernst & Young is the Independent Auditor for the Sukuk Musharakah Programmes.

Ernst & Young confirms that there is no existing or potential conflict of interest in their capacity as the Independent Auditor for the Sukuk Musharakah Programmes.

*The remainder of this page is intentionally left blank*

## **APPENDIX 1**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 2013**

## **APPENDIX 2**

**UNAUDITED PROFORMA AMALGAMATED FINANCIAL STATEMENTS OF THE ISSUER FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

## **APPENDIX 3**

**UNAUDITED PROFORMA AMALGAMATED FINANCIAL STATEMENTS OF THE ISSUER FOR  
THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**APPENDIX 4**  
**PRIVACY NOTICE**

**ISSUER**

**NORTHPORT (MALAYSIA) BHD**

Northport A,  
Jalan Pelabuhan,  
Pelabuhan Utara,  
42000 Port Klang  
Malaysia.

**JOINT PRINCIPAL ADVISERS, JOINT LEAD ARRANGERS AND JOINT LEAD MANAGERS**

**AFFIN HWANG INVESTMENT BANK BERHAD**  
(formerly known as HwangDBS Investment Bank  
Berhad)  
27th Floor, Menara Boustead,  
69 Jalan Raja Chulan,  
50200 Kuala Lumpur  
Malaysia.

**MAYBANK INVESTMENT BANK BERHAD**  
32nd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia.

**SHARIAH ADVISERS**

**MAYBANK ISLAMIC BERHAD**  
14th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia.

**SOLICITORS TO THE  
JOINT PRINCIPAL ADVISERS, JOINT LEAD ARRANGERS AND THE JOINT LEAD MANAGERS**

**KADIR, ANDRI & PARTNERS**  
10th Floor, Menara BRDB  
285 Jalan Maarof, Bukit Bandaraya,  
59000 Kuala Lumpur  
Malaysia.

**FACILITY AGENT**

**MAYBANK INVESTMENT BANK BERHAD**  
32nd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia.

**SUKUK TRUSTEE**

**MAYBANK TRUSTEES BERHAD**  
8th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia.