

## RAMUNIA HOLDINGS BERHAD (“RAHB” OR “COMPANY”)

### AGREEMENT IN RELATION TO AN ARRANGEMENT FOR A FLOATING PRODUCTION, STORAGE & OFFLOADING (“FPSO”) – DEEP PRODUCER VESSEL KNOWN AS MT LAURITA (“FPSO DP1”)

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#### 1. INTRODUCTION

On behalf of the Board of Directors of the Company (“**Board**”), AmlInvestment Bank Berhad (a member of AmlInvestment Bank Group) (“**AmlInvestment Bank**”) wishes to announce that the Company had on 21 March 2011 executed an agreement (“**Agreement**”) with Drydocks World – Dubai LLC (“**DWD**”) and NTM Refectio II AS (“**NTM**”) (collectively referred to as the “**Owners**”) in relation to FPSO DP1. The Agreement sets out a preliminary arrangement between RAHB and the Owners (collectively referred to as the “**Parties**”), which entails, amongst others, the following:-

- (a) RAHB to secure marketing rights to FPSO DP1 for purposes of submitting bids for the FPSO projects specified in the Agreement (“**Projects**”) involving Malaysian and regional oil companies; and
- (b) RAHB to conduct due diligence and enter into negotiations with a view of entering into a definitive sale and purchase agreement (“**SPA**”) which will set out full terms and conditions of the potential acquisition of FPSO DP1,

for a period of up to 7 July 2011 or such extended period to be mutually agreed in writing by the Parties (“**Exclusivity Period**”).

(items (a) and (b) above are to be collectively referred to as the “**Arrangement**”)

The Arrangement will enable RAHB to create a larger value base as an engineering, procurement, construction, installation and commissioning (“**EPCIC**”) contractor by providing the full offshore production facilities and to penetrate into the growing offshore floating facilities business within the local and regional upstream oil and gas sector.

RAHB intends to expand into the offshore floating business within the upstream oil and gas sector to take advantage of the significant spending for the oil and gas and energy industry under the Economic Transformation Program (“**ETP**”) as Petroliam Nasional Berhad plans to invest in exploration and production activities, particularly in new deepwater developments, marginal field developments and the replacement of ageing assets over the next five years to sustain their current level of production.

A subsequent announcement will be made in accordance to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon the execution of the SPA.

#### 2. SALIENT TERMS OF THE AGREEMENT

The Parties hereby agree that the principal terms of the Agreement shall include, *inter alia*, the following:-

##### 2.1 Exclusivity Period

In consideration of an initial deposit of United States Dollar (“**USD**”)0.5 million (“**Initial Deposit**”) which has been paid upon signing of the Agreement, the Owners shall grant RAHB an exclusivity period of up to 7 July 2011 to enable RAHB to conduct due diligence exercises on FPSO DP1 and to market the FPSO DP1 as well as submit bids for the Projects.

The Parties hereby agree that during the Exclusivity Period, the Owners shall not sign any legally binding agreement with any other party or parties in respect of the FPSO DP1. During the Exclusivity Period, the Owners shall not enter into similar arrangements with any party or parties for the Projects or otherwise which will undermine the spirit of the Agreement.

## **2.2 Execution of SPA**

During the Exclusivity Period or such extended period to be mutually agreed in writing by the Parties, RAHB shall conduct due diligence exercises on FPSO DP1 and provided that the results of the due diligence exercise is satisfactory, the Owners undertake to procure DP Producer AS (“DPP”) to enter into a SPA with RAHB to enable RAHB to purchase the FPSO DP1.

## **2.3 No Refund**

In the event that the Parties fail to execute the SPA by 7 July 2011 or such extended period to be mutually agreed by the Parties, the Agreement shall be deemed as terminated and in such event RAHB shall forfeit the Initial Deposit.

The Parties further agree that retention of the Initial Deposit shall be the sole and exclusive remedy to the Owners and shall preclude the Owners from bringing any action and/or claiming for future or other remedies and/or damages against RAHB for breach of the Agreement.

## **2.4 Termination**

Unless mutually extended by the Parties in writing, the Agreement shall be terminated upon occurrence of any one (1) of the following events:-

- (a) the expiration of the Exclusivity Period or such extended period for the Parties to execute the SPA;
- (b) the execution of the SPA; or
- (c) the conclusion or mutual termination of the Agreement;

whichever is earlier.

## **3. BACKGROUND INFORMATION ON FPSO DP1**

The details of FPSO DP1 are as follows:-

Condition	:	Vessel condition ‘as is where is’ basis as on 30 January 2011 *
Date and place built	:	1981 in Tsuneishi Shipyard, Japan
Length overall	:	243.8 meter (“m”)
Length between perpendicular	:	235.0 m
Depth	:	19.5 m

Breadth	:	32.2 m
Draft fully loaded	:	12.5 m
Displacement fully loaded	:	82,450 tonnes
Deadweight summer draft	:	68,140 tonnes

\* *'as is where is' basis means the vessel with her condition including equipments and machineries remaining the same from the date of inspection carried out by RAHB on 30 January 2011*

#### **4. BACKGROUND INFORMATION ON DWD**

DWD, through its subsidiaries, operates a network of shipyard facilities that stretches from the Middle East to Southeast Asia. It provides marine-related services, including ship repair, conversion, and construction services. The company repairs tankers, dredgers, and containers and liquefied natural gas (LNG) / liquefied petroleum gas (LPG), dry cargo, fishing, and coastal ships. It also provides its services through a network of agents in the United Arab Emirates and internationally. The company was founded in 2007 and is based in Dubai, the United Arab Emirates. DWD operates as a subsidiary of Dubai World Corporation.

*(Source : [www.drydocks.gov.ae](http://www.drydocks.gov.ae))*

FPSO DP1 is owned by DPP, which is in turn owned by DWD and NTM in equal proportion.

#### **5. BACKGROUND INFORMATION ON NTM**

NTM is a special purpose vehicle which is owned by a trust set up by Norsk Tillitsmann ASA, a Trustee who acts on behalf of all bondholders who earlier extended financing directly to DPP. Security for the financing was a mortgage on FPSO DP1.

FPSO DP1 is owned by DPP, which is in turn owned by DWD and NTM in equal proportion.

#### **6. RATIONALE FOR THE ARRANGEMENT**

The Arrangement provides an excellent opportunity for RAHB to tap into and participate in the development of marginal oilfields and deepwater fields in Malaysia and the region.

The Arrangement also presents an immediate opportunity for RAHB to participate in any direct negotiations, invitation to bids and requests for new proposals for FPSOs, to be undertaken by Malaysian and regional oil companies, where the demand is increasing within the backdrop of higher oil prices.

In addition, RAHB will also benefit from carrying out EPCIC works relating to the conversion/modification of the FPSO DP1 to the client's specifications/requirements.

RAHB will reap further benefits with the ownership of FPSO DP1 as the time charter arrangement for any projects being secured is expected to provide a long-term, sustainable and stable income stream to RAHB and contribute positively to the future earnings of the Company.

**7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the directors and major shareholders of the Company as well as persons connected with them have any interest, direct and/or indirect, in the Arrangement.

Further details on the outcome of the Arrangement will be announced in due course.

This Announcement is dated 22 March 2011.