

YINSON HOLDINGS BERHAD (“YHB” OR “COMPANY”)

PROPOSED CONSORTIUM AGREEMENT IN RELATION TO EXECUTION AND PERFORMANCE OF BAREBOAT CHARTER CONTRACT FOR THE PROVISION AND CHARTER OF A FLOATING STORAGE AND OFF-LOADING (“FSO”) FACILITY (“PROPOSED CONSORTIUM AGREEMENT”)

Reference is made to the Company’s announcements dated 24 May 2011, 27 May 2011 and 29 June 2011 in relation to the Proposed Consortium Agreement (“**Announcements**”). Unless otherwise defined, all abbreviations used are the same as those previously defined in the Announcements.

1. INTRODUCTION

On behalf of the Board of Directors of YHB (“**Board**”), AmInvestment Bank Berhad (a member of the AmInvestment Bank Group) is pleased to announce that the Company had on 5 September 2011 entered into a shareholders’ agreement with Petrovietnam Technical Services Corporation (“**PTSC**”) to form a joint venture company (“**JVC**”) to assume and regulate the rights, obligations and responsibilities of the shareholders of the JVC (“**Shareholder(s)**”) under the Proposed Consortium Agreement and for the JVC to own the FSO and enter into the Bareboat Contract with PTSC (“**Shareholders’ Agreement**”).

2. SHAREHOLDERS’ AGREEMENT

The salient terms of the Shareholders’ Agreement include, *inter-alia*, the following:-

A. INCORPORATION OF THE JVC

- (i) The JVC will be incorporated as a private company limited by shares under the laws of the Republic of Singapore. JVC shall be named PTSC South East Asia Pte Ltd (“**PTSC SEA**”). For information, the JVC has been incorporated on 10 June 2011.
- (ii) The purpose of the JVC shall be to procure, own and bareboat charter the FSO to PTSC for the Bien Dong 1 project in accordance with the terms and conditions as provided in the Bareboat Contract. The Shareholders shall cooperate with each other and provide the JVC with their expertise and experience so as to maximise the benefit of the JVC in accordance with the Shareholders’ Agreement.
- (iii) The duration of the JVC shall be until the expiration or termination of the Bareboat Contract (including any extension periods) and subsequent disposal of the FSO unless otherwise agreed by the Shareholders.
- (iv) The JVC has an initial authorised capital of United States Dollar (“**USD**”) 1,000.00 representing 1,000 ordinary shares of USD1.00 each.
- (v) The Shareholders shall contribute their equity portions up to maximum 25% of the approved capital expenditure (“**Capex**”) in accordance with the JVC agreed proportionate shares.

- (vi) The allotment of the shares of the JVC to the Shareholders shall be in the following proportions ("**Proportionate Share**"):-

Shareholders	Proportionate Share	Shares held after allotment
PTSC	51%	510
YHB	49%	490
	100%	1,000

B. MANAGEMENT OF THE JVC

- (i) The quorum necessary for holding any general meeting of Shareholders of the JVC shall be the attendance of at least two (2) authorised representatives of each Shareholder or Shareholders of the JVC holding an aggregate of more than seventy-five percent (75%) of the issued share capital of JVC.
- (ii) Without prejudice to the Memorandum of Association the Article of Association and laws and regulations of the Republic of Singapore, decisions pertaining to the following matters must be unanimously decided at a duly convened Shareholders' meeting:
- (a) amendments of and additions to the Memorandum and Article of Association of the JVC;
 - (b) any amendment to the rights of the existing shares of the JVC or any change to the capital structure of JVC including the increase or reduction in the share capital of the JVC;
 - (c) creation, issuance, allotment, redemption or purchase of or grant of options over any shares or other securities of the JVC;
 - (d) any merger, consolidation, recapitalisation or other reorganisation of JVC;
 - (e) liquidation or dissolution of the JVC;
 - (f) payment of any dividends or any other distribution;
 - (g) the appointment and/or removal of Directors;
 - (h) sale or disposal of the FSO;
 - (i) any amendment of the Bareboat Contract which results in significant and material negative impact on the JVC's interests in all aspect including economics;
 - (j) exercise of any cancellation and termination rights under the Bareboat Contract (due to PTSC's default); and
 - (k) transfer of the JVC's shares between the Shareholders and to any third party.
- (iii) If the Shareholders fail to reach an agreement on any of the matters as detailed in the Shareholders' Agreement thereby causing a deadlock or material obstacle in the operation of the JVC ("**Deadlock**"), all the Shareholders shall meet and discuss in good faith at least twice for a resolution of such Deadlock.

- (iv) If no satisfactory resolution of the Deadlock can be adopted within thirty (30) days after the occurrence of the Deadlock, then PTSC shall have the right but not the obligation to purchase the other Shareholder's Proportionate Share of the shareholding in the JVC. The purchase price ("**Valued Price**") of the selling Shareholder's shareholding in the JVC shall be determined, as follows:
 - (a) prior to the commencement of the charter period set out under the Bareboat Contract, the Valued Price shall be in accordance with the selling Shareholder's Proportionate Share equivalent to the the Shareholders' financial contribution in the JVC.
 - (b) after the commencement of the charter period set out under the Bareboat Contract, the Valued Price shall be determined by a Valuer, who will be appointed in accordance with the Shareholders' Agreement, based on market value of the shares of the JVC.
- (v) The Board of Directors of the JVC shall be composed of four (4) members, of which two (2) shall be designated by PTSC and two (2) by YHB. The Chairman of the Board of Directors of the JVC, who shall have a casting vote in matters not requiring unanimous approval, shall always be a director designated by PTSC. In the event of any changes to the Proportionate Shares of the Shareholders, the Shareholders shall discuss and mutually agree as to the revised composition of the directors.
- (vi) The quorum necessary for the meeting of the Board of Directors of the JVC shall be two (2) directors, one from each Shareholder. In case the members present at the meeting of the Board of Directors of the JVC shall not reach the quorum thereof, the meeting of the Board of Directors of the JVC shall be automatically adjourned to the same day, time and place in the following week ("**Adjourned Meeting**") or any other day, time and place agreed otherwise by the Shareholders. The quorum shall be unchanged even in the case of the Adjourned Meeting.
- (vii) Unless otherwise required by the laws of the Republic of Singapore, any resolution at the meeting of the Board of Directors of the JVC regarding the following matters shall require unanimous approval of the directors present at the meeting:-
 - (a) entrance into loan and/or guarantee agreements as stipulated in the Shareholders' Agreement;
 - (b) material amendments to any of the Bareboat Contract or the loan and/or guarantee agreements other than the those specified in the Shareholders' Agreement;
 - (c) any variation arising from Sungdong Subcontract (as defined herein), APL Subcontract (as defined herein) and OIC Subcontract (as defined herein), which exceeds one and a half percent (1.5%) of the agreed budget for any such contract. For avoidance of doubt, PTSC shall, at its own discretion, decide all the variation with the value up to one and a half percent (1.5%) of the agreed budget for any such contract;
 - (d) approval or change of annual budgets, annual financial report (which include profit and loss statement and balance sheet) and annual pre-payment schedule of the JVC;
 - (e) exercise of any cancellation and termination rights, and other rights arising therefrom, and remedies under the loan and/or guarantee agreements;

- (f) any single acquisition or disposal of assets of a value more than USD300,000, or the acquisitions or disposals of assets aggregating more than USD1,000,000 in anyone financial year;
- (g) entrance into any banking facilities, borrowing of any money and/or issuance of any guarantees;
- (h) entrance into a contract or transaction where the total amount to be expended or received by the JVC exceeds USD300,000;
- (i) creation of any charge, mortgage, encumbrances, lien or security over any assets of the JVC;
- (j) bringing, defense or settlement of any legal or administrative suits;
- (k) the appointment and/or removal of any auditors;
- (l) the establishment and amendment to the limit of authority of the JVC's personnel;
- (m) the adoption, amendment or invalidation of business plans and annual projection plan of JVC (including Capex);

For the purpose of determining whether or not any matter is one under item (vii) above, a series of related transactions within anyone 12-month period shall be construed as a single transaction; and any amounts involved in such related transactions shall be aggregated for the purpose of determining whether any monetary threshold has been exceeded.

C. IMPLEMENTATION OF THE PROJECT

- (i) If Shareholders guarantee is required by PTSC for the performance by the JVC of its obligation under the Bareboat Contract, each Shareholder shall in accordance with the Bareboat Contract, guarantee severally in their Proportionate Share in favour of PTSC the performance by the JVC of its obligation under the Bareboat Contract.
- (ii) Communication with Bien Dong Petroleum Operating Company ("**Bien Dong**") in relation to the time charter contract ("**Time Charter Contract**") for a provision and charter of a FSO for Bien Dong 1 project which has an influence on the Bareboat Contract terms or price shall be primarily conducted by PTSC, provided that PTSC shall make reasonable endeavours to ensure that:
 - (a) if a meeting is held with Bien Dong, reasonable number of the representatives of the Shareholders together with their advisors can join the meeting subject to the acceptance of Bien Dong;
 - (b) the Shareholders shall be kept well informed of the situation between the JVC and Bien Dong; and
 - (c) no new proposal to Bien Dong or amendment to the Bareboat Contract shall be offered or accepted without prior written consent of the Shareholders.
- (iii) PTSC has, on behalf of the JVC, entered into sub-contracts with
 - (a) Sungdong Shipbuilding & Marine Engineering Co Ltd ("**Sungdong Subcontract**"); and
 - (b) APL Management Pte Ltd ("**APL Subcontract**");

that are required for implementation of the Works.

PTSC undertakes to thereafter assign all the rights and benefit under the Sungdong Subcontract, APL Subcontract and any other subcontracts it has entered on behalf of the JVC to the JVC upon its formation, subject to the provisions of the Shareholders' Agreement.

- (iv) YHB has, on behalf of the JVC, entered into sub-contracts with
 - (a) NRG Engineering Pte Ltd for provision of HSE consulting services ("**NRG Subcontract**");
 - (b) New Vision Offshore Co Ltd for provision of general and logistic services ("**NVO Subcontract**"); and
 - (c) R & Y Corporation Inc for provision of supervisory consultancy services ("**RYC Subcontract**");

that are required for implementation of the Works.

YHB undertakes to thereafter assign all the rights and benefit under the NRG Subcontract, NVO Subcontract and RYC Subcontract to the JVC upon its formation, subject to the provisions of the Shareholders' Agreement.

- (v) The Shareholders agree that the JVC shall enter into the following sub-contracts in order to fulfill its obligation under the Bareboat Contract. The terms of the sub-contracts shall be identical to possible extent to the terms of the relevant part of the Bareboat Contract:

Project Management Support Contract ("**PMC Subcontract**")

The JVC will enter into an PMC Subcontract with PTSC for project management of the engineering, procurement and construction of the FSO.

Offshore Installation Subcontract ("**OIC Subcontract**")

The JVC shall enter into an Offshore Installation Subcontract with PTSC or its affiliate for transportation and installation of the FSO.

Accounting and Administrative Services Subcontract

The JVC shall enter into an Accounting and Administrative Services Subcontract with PTSC or its affiliate for day-to-day operations and administration of the JVC.

D. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

- (i) The Shareholders agree that no dividends shall be distributed unless the JVC has completed its obligations under the loan contract(s) at the date of such payment. Each Shareholder shall have the right to receive in the USD the dividends, which are declared to belong to each Shareholder and their amount and the payment terms agreed at any general meeting of the Shareholders of the JVC.
- (ii) Transfer of shares to third party is subject to the first and last right of refusal of the other Shareholders. If shares are transferred to third party pursuant to the terms of the Shareholders' Agreement, then such third party will assume the liabilities and obligations of the transferring Shareholder by executing a deed of adherence and any other agreements/ document deemed necessary to be executed by the Shareholders.

- (iii) PTSC shall have the right, with prior consent of YHB which shall not be unreasonably withheld, to invite a third party to take up equity in the JVC in which case the respective Proportionate Share of each Shareholder shall be agreed as follows:

PTSC	:	40% (Minimum)
YHB	:	30% (Minimum)
Third Party	:	30% (Maximum)

For avoidance of doubt, in the event of a third party becomes a new shareholder of the JVC as described above, the leadership of the JVC shall remain unchanged.

- (iv) The Shareholders confirm that they have agreed that the projected investment in the building of the FSO shall be in accordance with the approved capital budget as detailed in the Shareholders' Agreement.
- (v) It is intended that all working capital requirements of the JVC will be met by the injection of cash in the form of loans from the Shareholders in accordance with the agreed cash call schedule of the Shareholders' Agreement ("**Agreed Cash Call Schedule**"). Subject to item (vi) below, each Shareholder is obliged to inject the capital in the JVC strictly in accordance with the proportion set out in the Agreed Cash Call Schedule. Such loans by the Shareholders shall upon receipt by the JVC be utilised for the purpose of payment for the subcontracts in accordance with the payment schedules under such subcontracts and other expenses of the JVC.
- (vi) Without prejudice to any of the Shareholders' rights under the Shareholders' Agreement and at law, in the event that PTSC is unable to pay its portion of payment as per the Agreed Cash Call Schedule, YHB shall advance such cash call amount due from PTSC by way of shareholder's loan to the JVC. In such event, YHB will be entitled to get the shareholders loan interest for PTSC's portion from JVC for such amount due under the Agreed Cash Call Schedule as the shareholders loan interest from the due date (under the Agreed Cash Call Schedule) until full payment of the aforesaid due amount. For avoidance of doubt, PTSC is neither liable to pay any additional interest / charge to JVC nor YHB for such portion. YHB's agreement in making advance payment on PTSC's behalf from time to time will not operate as a waiver or in any way release or fulfill the obligations of PTSC under the Agreed Cash Call Schedule.

In case of late contribution in the Agreed Cash Call Schedule from YHB does not constitute a default under the Shareholders' Agreement (including the amount to be made under subcontracts), parties shall mutually agree the next course of action.

- (vii) The JVC will seek as soon as practicable quotations for third party financing and shall evaluate the offers on the basis of cost, tenor, risk and structure, and the most competitive terms. All things considered, the financing shall be chosen with the view to ensuring that no more than twenty five percent (25%) of the approved Capex is funded by Shareholders in the form of equity contribution and/or shareholders' loan.

- (viii) Notwithstanding the above requirements, YHB shall be required to perform and complete its payment responsibilities relating to the subcontracts in accordance with the Proposed Consortium Agreement; the payments made by YHB will be deemed to be first part payment to YHB's obligations towards the approved Capex in accordance with YHB's Proportionate Share in the JVC and second part to PTSC portion as per item (vi) above.

In the event of non-award of the Bareboat Contract to the JVC due to any cause solely attributable to PTSC, YHB shall have the right for a refund of all monies paid either in accordance with the Proposed Consortium Agreement or the Shareholders' Agreement and will be entitled to impose on PTSC an interest rate of six per centum (6%) per annum to be calculated on daily rest from the date of the respective payments were made. The said refund and the payment of interest by PTSC shall be settled within sixty (60) days from the date of the formal notice of non-award from PTSC.

- (ix) In the event that Bien Dong requests for parent company guarantees or any form of securities, then these obligations will be met by the Shareholders in proportion to their respective shareholdings in the JVC at the time of issue of the relevant guarantee. The Shareholders will provide such guarantees or procure the provision of guarantees as so required on such basis.

E. GENERAL PROVISIONS

- (i) The event of default shall mean the occurrence of one of the following events:
 - (a) a Shareholder commits any breach under the Shareholders' Agreement or any Sub-Contract(s) and fails to rectify within thirty (30) days after receiving written notice from the Non-Defaulting Shareholder of default; or
 - (b) a Shareholder becomes bankrupt or insolvent, applies for moratorium, offers an extrajudicial settlement to its creditors, is dissolved or terminate its activities.
- (ii) The Shareholders acknowledge and agree that notwithstanding the occurrence of an event of default, the business of the JVC is to be continued in its ordinary course and that the Shareholders are to preserve the goodwill and assets of the JVC and shall procure that the JVC continue to meet its legal and contractual obligations and commitments.
- (iii) The Shareholders' Agreement shall take effect on the date when all the Shareholders sign on the Shareholder's Agreement.
- (iv) Unless terminated pursuant to an event of default as prescribed in the Shareholders' Agreement, Shareholders' Agreement shall terminate upon the occurrence of any of the following events:
 - (a) the Time Charter Contract has been terminated in accordance with its terms; or
 - (b) the Bareboat Contract and all the sub-contracts have been fully discharged.

- (v) The termination of the Shareholders' Agreement, for whatever reason, shall not affect any right or liability of any of the Shareholders at law or in equity which has accrued to that Shareholder prior to the date of such termination or which thereafter may accrue in respect of any act or omission committed prior to such termination.

3. ADVISER

AmInvestment Bank Berhad has been appointed as Adviser to the Company for the Proposed Consortium Agreement.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders' Agreement will be made available for inspection at the registered office of YHB during the office hours from Mondays to Fridays (except for public holidays) at No. 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim for a period of three (3) months from the date of this announcement.

This announcement is dated 5 September 2011.