

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

PROPOSED BUSINESS ARRANGEMENT WITH JAPAN OFFSHORE FACILITY INVESTMENT 1 PTE. LTD IN RELATION TO THE PROJECT MARLIM (“PROPOSED BUSINESS ARRANGEMENT”)

This announcement is dated 28 April 2020. (“**Announcement**”)

1. INTRODUCTION

On 20 April 2018, the Company announced that it had entered into a long term and binding Memorandum of Understanding (“**MOU**”) with Sumitomo Corporation (“**Sumitomo**”) with a view to jointly pursue and collaborate in the leasing and operation of floating production, storage and offloading vessel facility (“**FPSO**”) and floating storage and offloading vessel facility (“**FSO**”) projects worldwide, subject to the terms of the MOU.

On 18 February 2019, the Company and Sumitomo had entered into a Letter of Agreement (“**LOA**”) which documented the intention of the parties to participate in a potential joint venture for the provision of a floating, production, storage and offloading unit for the Marlim field in Brazil (“**Project Marlim**”). The LOA confirmed Sumitomo’s intention to participate in the Project Marlim with an effective interest of at least 20% in the event of a successful bid by YHB.

On 11 October 2019, Yinson Production Pte Ltd (“**YPPL**”), an indirect wholly owned subsidiary of the Company, was awarded two Letters of Intent (collectively “**LOIs**”) by Petróleo Brasileiro S.A. (“**Petrobras**”) for the provision of the following:-

- (i) a floating production storage and offloading facility (“**Marlim 2 FPSO**”) to the Marlim Field located offshore Brazil in the north-eastern part of the Campos Basin; and
- (ii) operation and maintenance services during the charter phase of Marlim 2 FPSO.

On 23 March 2020, YPPL, Yinson Boronia Production B.V. (“**YBP**”), an indirect subsidiary of the Company and Yinson Boronia Serviços de Operação Ltda (“**YBS**”), a subsidiary of YBP, had entered into a time charter contract (“**Charter Contract**”) and a service contract (“**Service Contract**”) with Petrobras for the provision of Marlim 2 FPSO (the Charter Contract and the Service Contract are collectively referred as the “**Contracts**”).

On behalf of the Board of Directors of YHB (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that on 28 April 2020, the share subscription agreement between Yinson Boronia Consortium Pte. Ltd. (“**YBC**”) (an existing indirect wholly owned subsidiary of the Company), Japan Offshore Facility Investment 1 Pte. Ltd. (“**JOFI**”) (an existing direct wholly owned subsidiary of Sumitomo), Yinson Acacia Limited (“**YAL**”) (an existing indirect wholly owned subsidiary of the Company), YHB and Sumitomo (“**Share Subscription Agreement**”) has been entered into in respect of the proposed collaboration in relation to Project Marlim (“**Proposed Business Arrangement**”) with the agreed form of the shareholders’ agreement between YAL, YHB, JOFI, Sumitomo and YBC (“**Shareholders Agreement**”) and the convertible loan agreement between YBC, JOFI, and YAL (“**Convertible Loan Agreement**”) appended to the Share Subscription Agreement.

(the Share Subscription Agreement, the Shareholder Agreement and the Convertible Loan Agreement are collectively, the “**Agreements**”). The Shareholders Agreement and the Convertible Loan Agreement will be executed on the completion date of the Share Subscription Agreement.

Unless otherwise stated, the exchange rate for the purpose of this Announcement is assumed to be USD1.00 : RM4.3750 (source: Bank Negara Malaysia as at 20 April 2020, being the latest practical date prior to this Announcement (“**LPD**”)).

2. PROPOSED BUSINESS ARRANGEMENT

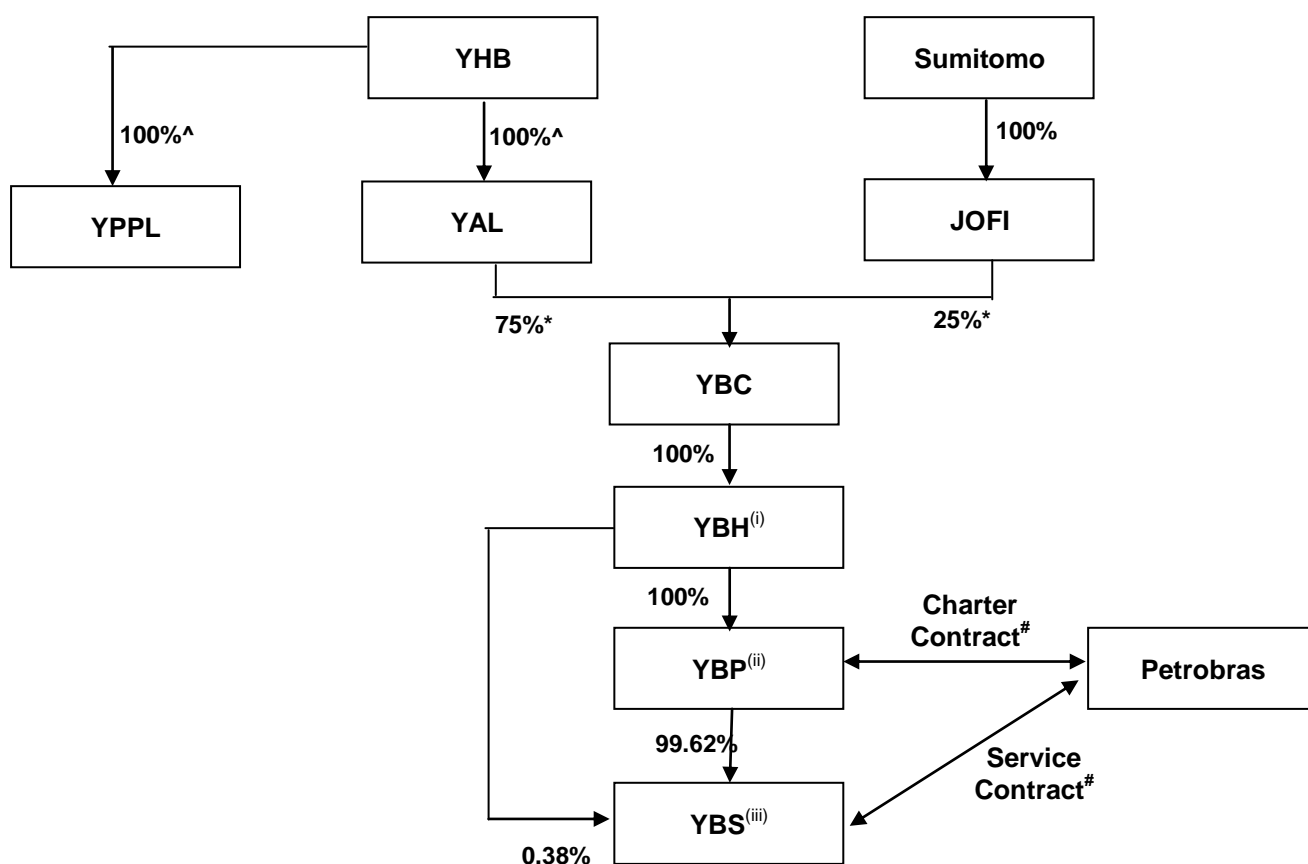
2.1 Overview of the Proposed Business Arrangement

The Proposed Business Arrangement is to facilitate the arrangements between YAL and JOFI, in respect of Project Marlim. The Contracts entered into comprise the following:-

- (i) Charter Contract: Marlim 2 FPSO to the Marlim Field located offshore Brazil in the north-eastern part of the Campos Basin; and
- (ii) Service Contract: operation and maintenance services during the charter phase of Marlim 2 FPSO.

The estimated aggregate value of the Contracts is in the region of USD5.4 billion for a fixed contract period of 25 years from the date of the final acceptance in accordance with the Charter Contract which is expected in the first quarter of 2023.

The structure of the Proposed Business Arrangement is depicted below.



Notes:

[^] Indirect wholly-owned subsidiary held via other intermediate subsidiary/ies.

^{*} Equity interest may vary based on the terms of the Agreements

[#] These contracts were also entered with YPPL as YPPL is the bidder of the contract

(i) YBH = Yinson Boronia Holdings (S) Pte. Ltd.

(ii) YBP = Yinson Boronia Production B.V.

(iii) YBS = Yinson Boronia Serviços de Operação Ltd

Project Marlim is to be funded by YAL, JOFI and financing to be raised by YBC and/or its subsidiaries ("YBC Group").

YBC was incorporated on 11 January 2019. As at LPD, YBC is an indirect wholly-owned subsidiary of YHB. As at LPD, YHB Group has via YAL, subscribed (i.e. the original cost of investment) for USD10.02 million capital in YBC which has a registered capital of USD10.02 million comprising 10.02 million ordinary shares ("YAL Shares").

Pursuant to the Share Subscription Agreement, YBC shall allot and issue to JOFI 3,340,000 new ordinary shares representing 25% of the enlarged issued share capital of YBC (“**Subscription Shares**”). YAL’s effective shareholdings in YBC shall decrease from 100% to 75% upon completion of the Share Subscription Agreement. Nevertheless, YBC remains an indirect subsidiary of YHB.

In addition, pursuant to the Convertible Loan Agreement, JOFI and YAL shall lend to YBC the principal sum not exceeding USD13.1 million and USD39.3 million of convertible loans respectively (“**Initial Advances**”). The Initial Advances are convertible into new ordinary shares in YBC.

Upon completion of the Share Subscription Agreement and the Convertible Loan Agreement, for illustration purposes only, the equity and Initial Advances of YAL and JOFI in YBC Group shall be as follows: -

	YAL		JOFI	
	USD'million	%	USD'million	%
Equity				
- Existing as at LPD	10.02	100%	-	-
- After completion of Subscription Agreement (“Initial Equity”)	10.02	75%	3.34 ^(a)	25%
Initial Advances ^(a)	39.3	75%	13.1	25%

Note:

(a) Assuming JOFI and YAL shall lend to YBC the maximum amount

In addition to the Initial Equity, the Initial Advances and the financing to be procured by YBC Group, YAL and JOFI may be required to provide further funding which can be in the form of either subscription of new equities in YBC or loans/advances to YBC Group (“**Future Injection**”), the proportion of which cannot be accurately determined at this juncture.

2.2 Information on YBC

YBC is a company registered in Singapore under Company Registration Number 201901559G on 11 January 2019, whose registered office is at 50 Raffles Place #3201, Singapore Land Tower, Singapore 048623. YBC’s principal activity is investment holding.

As at LPD, YBC has a registered capital of USD10,020,000.00 comprising 10,200,000 shares and is a wholly-owned subsidiary of YHB.

As at LPD, the directors of YBC are Eirik Arne Wold Barclay, Ho Guan Ming (alternate director to Eirik Arne Wold Barclay), Andrew Choy Wei Nung, and Siew Yin Yen (alternate director to Andrew Choy Wei Nung).

The brief financial information of YBC Group is set out below:-

	Unaudited	
	Financial year ended 31 January 2020	
	USD	RM
Loss after tax	(242,226)	(1,059,739)
Shareholders’ funds / Net assets (“ NA ”)	9,733,451	42,583,848
Total borrowings	-	-

2.3 Information on Sumitomo

Sumitomo was established on 24 December 1919 and it is a member of the Sumitomo group of companies. Sumitomo is listed on the Tokyo, Nagoya and Fukuoka stock exchanges and is a leading global trading company with 113 offices in 66 countries and 22 offices in Japan with key services in the metal, construction, transportation, infrastructure, chemicals, energy, mineral resources, media, information and communications technology, lifestyle related goods and services sectors. (Source: Sumitomo Website)

As at 30 September 2019, the direct and indirect interests of the substantial shareholders of Sumitomo are as follows:-

Substantial Shareholders	Direct		Indirect	
	No of shares ('000)	%	No of shares ('000)	%
The Master Trust Bank of Japan, Ltd (trust account)	100,525	8.05	-	-

(Source: Sumitomo website)

As at 31 March 2019, the direct and indirect interests of the directors of Sumitomo are as follows:-

Directors	Direct		Indirect	
	No of shares	%	No of shares	%
Kuniharu Nakamura	124,200	0.0099	-	-
Masayuki Hyodo	39,800	0.0032	-	-
Koichi Takahata	47,100	0.0038	-	-
Toshikazu Nambu	46,400	0.0037	-	-
Hideki Yamano	14,252	0.0011	-	-
Takayuki Seishima	16,000	0.0013	-	-
Nobuyoshi Ehara	-	-	-	-
Koji Ishida	-	-	-	-
Kimie Iwata	-	-	-	-
Hisashi Yamazaki	-	-	-	-

(Source: Sumitomo's Annual report)

2.4 Information on JOFI

JOFI is a company registered in Singapore under Company Registration Number 201934033G on 9 October 2019, whose registered office is at 182 Cecil Street #22-01 Frasers Tower, Singapore 069547. JOFI's principal activity is investment holding.

As at LPD, JOFI has a registered capital of USD1.00 of 1 share, and is a wholly owned subsidiary of Sumitomo.

As at LPD, the directors of JOFI are Nakamura Shu and Nakamura Yoshiaki. None of the directors hold shares in JOFI.

2.5 Salient terms of the Agreements

Please refer to **Appendix I, Appendix II and Appendix III** for further details on the salient terms of the Share Subscription Agreement, the Shareholders Agreement (including the details on the Petrobras Guarantee and Financial Guarantee to be provided by YHB) and the Convertible Loan Agreement respectively.

3. RATIONALE

The Marlim 2 FPSO will be YHB's first vessel to operate in Brazil waters. The estimated aggregate value of the contracts is USD5.4 billion for a contract period of 25 years from the date of the final acceptance in accordance with the Charter Contract. The Marlim 2 FPSO also marks YHB's largest project to date.

The Proposed Business Arrangement will provide an opportunity for YHB and Sumitomo to establish collaboration based on respective party's expertise and strengths. Sumitomo's participation through JOFI will alleviate some of the funding requirements and project related risks (in exchange for the project returns) that would otherwise be required of YHB if the project were to be wholly-owned by YHB.

4. RISK FACTORS RELATING TO THE PROPOSED BUSINESS ARRANGEMENT

The risks in relation to the Proposed Business Arrangement, amongst others, there is no assurance that there will be no disagreement between YHB and Sumitomo, which could have an adverse impact on the project.

5. EFFECTS OF THE PROPOSED BUSINESS ARRANGEMENT

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Business Arrangement will not have any effect on the issued share capital and substantial shareholders' shareholdings of YHB as the Proposed Business Arrangement does not involve any issuance of new shares in YHB.

5.2 NA and gearing

Based on the latest audited consolidated statements of financial position of the YHB Group as at 31 January 2019, the proforma effects of the Proposed Business Arrangement on the NA, NA per share and gearing of the YHB Group assuming the Proposed Business Arrangement is completed on 31 January 2019 are as follows:-

	Audited as at 31 January 2019	After the Proposed Business Arrangement
	RM'000	RM'000
Share capital	1,101,090	1,101,090
Treasury shares	(43,829)	(43,829)
Reserves	(328,632)	^(a) (328,319)
Retained earnings	1,016,783	^(b) 1,016,298
Equity attributable to owners of the Company	1,745,412	1,745,240
Perpetual securities issued by subsidiaries	1,575,885	1,575,885
Non-controlling interests	302,680	^(c) 328,420
TOTAL EQUITY	3,623,977	3,649,545
Number of shares (000)	1,093,245	1,093,245
NA attributable to owners of the Company per share (RM)	1.60	1.60
Total borrowings	3,149,730	3,149,730
Gearing ratio (times) ^(d)	0.87	0.86

Notes:-

- (a) After taking into consideration gain on disposal of 25% interest in YBC to JOFI of USD0.072 million (approximately RM0.313 million). As YBC still remains as a subsidiary of YHB Group, the disposal is accounted as a transaction with equity owners and the gain on disposal is recognised directly in equity.
- (b) After taking into consideration estimated expenses of RM0.485 million in respect of the Proposed Business Arrangement.
- (c) After taking into consideration the carrying amount of non-controlling interests acquired which has been assumed at USD3.27 million (approximately RM14.30 million), being 25% of YBC's proforma consolidated net assets as at 31 January 2020 of USD13.07 million, and estimated fair value adjustment at initial recognition of the Initial JOFI Advance of USD2.62 million (approximately RM11.44 million) that is accounted for as a capital contribution from JOFI.
- (d) Computed as total borrowings divided by total equity.

Please note that the effects above have not taken into consideration upon full conversion of the Convertible Loan.

In addition, borrowings procured by YBC will be consolidated into YHB Group. As such, the bank borrowings and gearing of YHB Group are expected to increase in tandem with the borrowings to be procured by YBC. The borrowings and gearing of YHB Group will also increase in the event any loan is procured by YHB Group to finance its financial obligation in YBC.

5.3 Earnings and earnings per share

The Board believes that, barring unforeseen circumstances, the Proposed Business Arrangement should contribute positively to the future earnings of the YHB Group.

6. APPROVALS REQUIRED

The Proposed Business Arrangement is subject to the conditions as mentioned in Appendix I of this Announcement.

The Proposed Business Arrangement is not subject to YHB's shareholders' approval.

7. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and major shareholders of YHB and/or persons connected to them has any interest, directly or indirectly, in the Proposed Business Arrangement.

8. DIRECTORS' STATEMENT

The Board, after taking into consideration all aspects of the Proposed Business Arrangement, is of the view that the Proposed Business Arrangement is in the best interest of YHB.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Share Subscription Agreement is expected to be completed by mid-May 2020.

The effective date for the Convertible Loan Agreement is on the date of completion of the subscription of shares of YBC by JOFI or about the date of the Convertible Loan Agreement.

10. ADVISER

AmInvestment Bank has been appointed as the Adviser for the Proposed Business Arrangement.

11. OTHER INFORMATION

The highest percentage ratio applicable as per Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 4.12%.

12. DOCUMENT AVAILABLE FOR INSPECTION

The Agreements will be available for inspection at the registered office of YHB during normal business hours from Mondays to Fridays (except for public holidays) at BO2-A-18, Menara 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Malaysia for a period of three (3) months from the date of this Announcement.

APPENDIX I – SALIENT TERMS OF THE SHARE SUBSCRIPTION AGREEMENT

Salient terms of the Share Subscription Agreement are as follows:

Parties	(i) YBC; (ii) JOFI; (iii) YAL; (iv) YHB; and (v) Sumitomo, (collectively, “ Parties ” or each a “ Party ” if the context so requires).
Subscription and issue	YBC shall allot and issue to JOFI and JOFI shall subscribe for the Subscription Shares representing 25% of the Enlarged Capital of YBC. <i>“Enlarged Capital” means the issued share capital of YBC as enlarged by the issue of the Subscription Shares contemplated hereby and immediately following completion.</i>
Subscription Price	The total consideration for the Subscription Shares to be paid by JOFI shall be US\$3,340,000 being, as of the completion date, the aggregate amount equal to (i) the number of Subscription Shares multiplied by (ii) the Price Per Subscription Share. <i>“Price Per Subscription Share” means USD1.00.</i>
Ranking	YBC shall ensure that all Subscription Shares allotted and issue to JOFI shall: (i) be issued as fully paid; (ii) be free from encumbrance with all the rights attaching to them pursuant to its constitutional documents; and (iii) rank equally in all respects with the other ordinary shares in issue as at the completion date.
Conditions	Completion is conditional on inter alia, the following conditions (“ Conditions ”) being satisfied and/or waived in accordance with the Share Subscription Agreement on or before 6 months after the date of the Share Subscription Agreement (or such later date as YBC and JOFI may agree in writing) (“ Longstop Date ”):- (i) receipt by YBC and YHB of approval for the transactions contemplated by the Share Subscription Agreement, the Shareholders Agreement and Convertible Loan Agreement, in a form satisfactory to YBC and JOFI (which shall be satisfied by YBC and YHB), from their respective shareholders, if required; and (i) all mandatory or appropriate merger control filings and notifications in respect of the Share Subscription Agreement having been made to the relevant competent merger control authority for the review or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter and: (a) all approvals, consents, confirmation of non-objection or clearances necessary or appropriate for completion of the transaction under the Share Subscription Agreement having been obtained from relevant competent merger control authority; or (b) all applicable waiting periods in respect of a review of the transaction under the Share Subscription Agreement by the relevant competent merger control authority having expired. If any of the Conditions remains unsatisfied on the Longstop Date or becomes impossible to satisfy and has not been waived, each of YBC and JOFI respectively shall be entitled to terminate the Share Subscription Agreement by giving a written notice to the other.

APPENDIX I – SALIENT TERMS OF THE SHARE SUBSCRIPTION AGREEMENT (CONT'D)

Termination	<p>(i) If the Charter Contract has been validly terminated prior to completion of the Share Subscription Agreement due to a prolonged occurrence of force majeure of over 180 days, then each of YBC and JOFI respectively shall be entitled to terminate the Share Subscription Agreement by written notice to the other.</p> <p>(ii) Prior to completion, JOFI shall be entitled to terminate the Share Subscription Agreement by giving a written notice to YBC on the occurrence of any of the following events:</p> <ul style="list-style-type: none">(a) there has been a breach of any of the provisions under the Share Subscription Agreement and such breach which is capable of being remedied but has not been remedied within 30 days of the notification to YBC by JOFI and such breach results in a claim or all claims which the aggregated amount exceed USD3 million;(b) an Insolvency Event as described in the Share Subscription Agreement occurs in respect of YBC Group, YAL or YHB;(c) the Charter Contract is terminated and no replacement agreement (on terms which are no less favourable than the Charter Contract or as may be agreed between JOFI and YBC) being entered into within 30 days of the date of such termination;(d) there is a material amendment to the Charter Contract has been made in breach of the provision of the Share Subscription Agreement; and(e) any final order, decision, judgement or equivalent thereof by any competent court or any other governmental authorities has been issued regarding the violation of applicable anti-bribery and corruption legislation by any member of YBC Group, YAL, or YHB, in relation Project Marlim. <p>(iii) Prior to completion, YBC shall be entitled to terminate the Share Subscription Agreement by giving a written notice to JOFI on the occurrence of any of the following events:</p> <ul style="list-style-type: none">(a) an Insolvency Event as described in the Share Subscription Agreement occurs in respect of JOFI and Sumitomo; and(b) any final order, decision, judgement or equivalent thereof by any competent court or any other governmental authorities has been issued regarding the violation of applicable anti-bribery and corruption legislation by JOFI and Sumitomo. <p><i>“FPSO” means the vessel with IMO 9238856 which is to be converted into a floating, production, storage and offloading unit to be leased to Petrobras at the Marlim field in Brazil for the Project under the Charter Contract.</i>“</p>
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APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

Salient terms of the Shareholders Agreement are as follows:

Parties	<p>(i) YAL; (ii) YHB; (iii) JOFI; (iv) Sumitomo; and (v) YBC, (collectively, “Parties” or each a “Party” if the context so requires).</p> <p>YAL and JOFI shall collectively be known as the “Shareholders”.</p>
Business	<p>The business of YBC and its subsidiaries will be to carry on at all times:</p> <p>(i) the business in relation to chartering, operating and maintaining the FPSO which will be leased under the Charter Contract in relation to the Project Marlim; and (ii) such other businesses or activities as may be agreed by the Shareholders.</p>
Restriction in Dealings with Shares	<p>Any dealings with shares in YBC shall be made in accordance with the provisions of the Shareholders Agreement:</p> <p>A) <u>Shares in YBC</u> The Shareholders shall not at any time transfer or dispose of any shares in YBC or of any interest in or option over any shares in YBC or loan made by either of the Shareholders to YBC otherwise than in accordance with the constitution of YBC and the Shareholders Agreement.</p> <p>B) <u>Shares in JOFI</u> The shareholders of JOFI shall not at any time transfer or dispose of any shares in JOFI or of any interest in or option over any shares in JOFI otherwise than in accordance with the Shareholders Agreement.</p> <p>C) <u>Shares in YAL</u> YHB and its subsidiaries shall not at any time directly or indirectly transfer or dispose of any shares in YAL or of any interest in or option over any shares in YAL otherwise than in accordance with the Shareholders Agreement.</p> <p>The abovementioned restriction in dealings with shares in YBC shall not be applicable in the event:</p> <p>(i) the shareholder of YBC is required to transfer the shares in YBC if the Shareholder commits an event of default under the Shareholders Agreement; and (ii) the first transfer of the shares in YBC by YAL to JOFI and/or the permitted investors in JOFI, after the date of the Shareholders Agreement in accordance with the Shareholders Agreement.</p>
Pre-Emption Rights	<p>Following the expiry of the applicable moratorium period, any shareholder of YBC who proposes to sell, transfer or dispose of any of its shares in YBC to a third party shall give notice in writing of its intention to offer its shares in YBC to the other Shareholder.</p> <p>A) Drag-Along If YAL sells all of its shares to a third party which would result in YAL cease to become a shareholder in YBC, YAL shall have the right to require JOFI to sell and transfer all the shares in YBC held by JOFI to the said third party at the same consideration and on no less favourable terms and conditions that will apply in respect of the sale and purchase between YAL and the said third party.</p> <p>B) Tag-Along If YAL sells all of its shares to a third party which would result in YAL cease to become a Shareholder in YBC, JOFI shall have the right to notify YAL in writing that it wishes to dispose of all the shares in YBC it holds by selling and transferring them to the said third party at the same consideration and on no less favourable terms and conditions that will apply in respect of the sale and purchase between YAL and the said third party.</p>

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (CONT'D)

<p>Management of YBC</p>	<p>A) <u>Steering Committee</u> YAL shall be entitled to nominate up to 3 representatives and JOFI shall be entitled to nominate up to 2 representatives to form the steering committee of YBC (“Steering Committee”) to undertake, amongst others, the following scope of work:</p> <ul style="list-style-type: none"> (i) manage and control all activities to be carried out by YBC in relation to execution of the Charter Contract as well as the Business; (ii) recommend to the board for approval on policy matter related to financial, accounting, contracting strategy and administration; (iii) ensure that the applicable mission statement and business plan as defined by YBC are implemented; and (iv) ensure that the expectations of the shareholders as detailed in the Shareholders Agreement are met. <p>The Steering Committee does not have any decision making authority in respect of YBC nor shall the Steering Committee or any of its members have any authority to bind YBC, and shall act only for the purposes of making recommendations with respect to prescribed matters escalated to it in accordance with the Shareholders Agreement.</p> <p>B) <u>Board of Directors</u> The board of directors of YBC shall at no time be greater than four (4) directors where each of YAL and JOFI respectively shall have the exclusive right to appoint, remove and replace up to an aggregate of two (2) directors. YAL shall have the right to nominate one of the directors as the chairman. The chairman nominated by YAL shall have a casting vote in the event of any equality of votes between directors in respect of non-reserved matters.</p>
<p>Undertaking</p>	<p>A) <u>Undertaking of YHB</u></p> <ul style="list-style-type: none"> (i) If required, YHB will provide and maintain a guarantee as required by Petrobras under the Charter Contract (“Petrobras Guarantee”). (ii) If required under the financing agreements relating to the financing of the FPSO (“Finance Agreements”), YHB will provide and maintain a sponsor guarantee to the lenders on a several basis for the loan amount for its proportion under the Finance Agreements in accordance with the Shareholders Agreement (“Financial Guarantee”). <p>B) <u>Undertaking of YHB and YAL</u> During the moratorium period and provided Sumitomo retains (directly or indirectly) more than 50% of the voting rights in JOFI and JOFI retains at least 25% of the voting rights in YBC:</p> <ul style="list-style-type: none"> (i) YAL shall retain (directly or indirectly) 75% of the voting rights in YBC; and (ii) YHB shall retain (directly and indirectly) more than 50% of voting rights in YAL. <p>C) <u>Undertaking of Sumitomo</u></p> <ul style="list-style-type: none"> (i) If YHB provides and maintain the Petrobras Guarantee, Sumitomo shall provide and maintain to YHB and YPPL an indemnity and guarantee on terms that have the effect to indemnify and guarantee YHB and YPPL for its proportion of the risk, liability and losses attached to or suffered as a result of the Petrobras Guarantee in accordance with the Shareholders Agreement. (ii) If required under the Finance Agreements, Sumitomo will provide a sponsor guarantee to the lenders on a several basis guaranteeing its proportion of the loan amount under the Finance Agreements in accordance with the Shareholders Agreement. <p>D) <u>Undertaking of JOFI and JOFI Shareholders</u> During the moratorium period and provided that the conditions under paragraph B above are satisfied:</p> <ul style="list-style-type: none"> (i) Sumitomo shall retain (directly or indirectly) more than 50% of the voting rights in JOFI; and (ii) JOFI shall retain (directly or indirectly) 25% of the voting rights in YBC.

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (CONT'D)

<p>Funding</p>	<p>The funds required for the operation of YBC shall be raised by YBC itself and the Shareholders shall not be obliged to support any financing of YBC.</p> <p>The board of directors of YBC may issue a notice in writing to the Shareholders inviting all of the Shareholders to make capital contributions to YBC on a pro rata basis in accordance with the Shareholders Agreement in order to meet the funding requirements of the Company for (a) any approved annual budget, total project budget or master business plan (“Capital Call”) or (b) cost overrun (“Cost Overrun Capital Call”).</p> <p>If a shareholder of YBC (“Non-Contributing Shareholder”) decline to participate in the Capital Call or Cost Overrun Capital Call, as the case may be, YBC shall immediately issue a notice to all Shareholders of such non-contribution, whereupon each of the other Shareholders (each a “Contributing Shareholder”) may in its sole discretion elect to take up the Non-Contributing Shareholder’s allocation of the Capital Call or Cost Overrun Capital Call, as the case may be as follows:-</p> <p>(i) Capital Call Subscribe shares of YBC at the price of USD1 per share and/or by way of loan to YBC</p> <p>(ii) Cost Overrun Capital Call</p> <p>(a) By way of loan, subject to inter-alia at the interest rate specified in the Shareholders Agreement and no repayment shall be made unless repayment is made to the Shareholders in their respective proportion; or</p> <p>(b) subject to mutual agreement, subscribed shares of YBC at the price of USD1 per share</p> <p>If a Contributing Shareholder (“Non-Funding Shareholder”) who previously elected to make a Capital Call or Cost Overrun Capital Call but subsequently fails to make its pro rata capital contribution, YBC shall immediately issue a notice to all other Shareholders (“Funding Shareholder”) of such failure, and if the failure of the Non-Funding Shareholder continues for more than five (5) business days, then an event of default will have occurred and the Funding Shareholder may in its sole discretion elect to take up the Non-Funding Shareholder’s allocation of the Capital Call or Cost Overrun Capital Call, as the case may be. Failure to participate in the Capital Call and the Cost Overrun Capital Call as described above may result in dilution of shareholding on the part of the Non-Funding Shareholder, subject to the terms and conditions of the Shareholders Agreement.</p>
<p>Reserved Matters</p>	<p>A) <u>Shareholder Reserved Matters</u> The shareholder reserved matters as stipulated in the Shareholders Agreement would require the unanimous approval from all Shareholders.</p> <p>B) <u>Board Reserved Matters</u> The board reserve matters as stipulated in the Shareholders Agreement requires affirmative vote of one director appointed by each of YAL and JOFI respectively.</p>
<p>Event of Default</p>	<p>On the occurrence of any events of default as stipulated in the Shareholders Agreement, then any shareholder or director becoming aware of its occurrence (“Non-Defaulting Party”) may give notice to YBC and the other Shareholder (“Event of Default Notice”). Upon the giving of the Event of Default Notice, the defaulting shareholder (“Defaulting Party”) shall be deemed to have granted the Non-Defaulting Party a call option, to acquire all the Defaulting Party’s shares in YBC, at the Default Call Option Price and the Defaulting Party shall have the right to counter the call option by notice in writing to the Non-Defaulting Party to complete the purchase of all of the Non-Defaulting Party’s shares, at the Counter Price.</p> <p>“Default Call Option Price” shall be, as at the date on which the call option is exercised:</p> <p>(total valuation of YBC as determined by the Non-Defaulting Party) × (percentage shareholding of the Defaulting Party)</p>

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (CONT'D)

	<p>“Counter Price” shall be, as at the date on which the call option is countered: (total valuation of YBC as determined by the Non-Defaulting Party plus a premium of 15%) X (percentage shareholding of the Non- Defaulting Party)</p>
Termination	<p>The Shareholders Agreement shall remain in full force and effect as between all the Parties until the earlier of:</p> <ul style="list-style-type: none">(i) the dissolution of YBC;(ii) the holding by one shareholder of all of the shares; or(iii) the Shareholders Agreement of all the Parties that it be terminated.

APPENDIX III – SALIENT TERMS OF THE CONVERTIBLE LOAN AGREEMENT

Salient terms of the Convertible Loan Agreement are as follows:

Parties	(i) YBC; (ii) JOFI; and (iii) YAL, (collectively, “ Parties ” or each a “ Party ” if the context so requires).
Loan	(i) JOFI agrees to lend to YBC and YBC agrees to borrow the principal sum not exceeding USD 13.1 million (“ Initial JOFI Advance ”). (ii) YAL agrees to lend to YBC and YBC agrees to borrow the principal sum not exceeding USD39.3 million (“ Initial YAL Advance ”). (iii) The maximum amount which YBC may borrow from JOFI and YAL will be determined by a prevailing gearing which will be derived from the cash flow model of Project (“ Gearing ”). The Gearing will be determined once the finance agreements are executed. (iv) In accordance with the Convertible Loan Agreement, the Initial JOFI Advance and Initial YAL Advance may be converted in to ordinary shares in YBC by way of capitalisation full, partial or none at all once the Gearing is fixed (“ Conversion ”). (v) If required, after the Conversion, a further portion of the remaining amount of (i) the Initial JOFI Advance (“ JOFI Outstanding ”) and (ii) the Initial YAL Advance (“ YAL Outstanding ”) respectively may be converted to equity proportionately.
Repayment Tenure	(i) The period of the repayment of JOFI Outstanding shall be 2 years from the date on which conditions are met for the distribution of the dividend from the Borrower to its equity holders under the finance agreement (“ JOFI Payment Commencement Date ”). (ii) The period of the repayment of the YAL Outstanding shall be 18 years from the date on which all liabilities which are or may become payable or owing by YBC to JOFI under the Convertible Loan Agreement (“ JOFI Advance ”) is fully repaid (“ YAL Payment Commencement Date ”). (iii) The repayment of JOFI Outstanding and YAL Outstanding shall be made in equal quarterly instalments over 2 years from the JOFI Payment Commencement Date and 18 years from the YAL Payment Commencement Date respectively.
Interest	No portion of the Initial JOFI Advance, Initial YAL Advance, JOFI Outstanding or YAL Outstanding shall bear interest.
Events of Default	On the occurrence of any of the events of default as stipulated in the Convertible Loan Agreement, JOFI may declare the entire JOFI Outstanding and any other sum payable become immediately due and payable. Subject to the JOFI Advance being settled, upon the occurrence of any of the events of default as stipulated in the Convertible Loan Agreement, YAL may declare that the entire YAL Outstanding and any other sum payable become immediately due and payable.
Priority	(i) The JOFI Advance ranks and shall rank in priority to the liabilities which are or may become payable or owing by YBC to YAL under the Convertible Loan Agreement (“ YAL Advance ”) in all respects; (ii) The YAL Advance is and shall be subordinated to the JOFI Advance; and (iii) No payment shall be made by any person in respect of the YAL Advance while the JOFI Advance is outstanding.