

YONGNAM HOLDINGS LIMITED
(Company Registration No.: 199407612N)

LEGAL PROCEEDINGS BETWEEN JIWA HARMONI OFFSHORE SDN. BHD. ("Jiwa") (BEING AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY) AND ISHI POWER SDN. BHD ("Ishi") IN RELATION TO THE PROJECT KNOWN AS CONSTRUCTION OF 3 X 700MW COAL-FIRED POWER PLANT IN TANJUNG BIN, JOHOR, MALAYSIA ("Project")

Reference is made to the Company's previous announcements of 29 October 2007 and 8 April 2009 in relation to the legal proceedings commenced by Jiwa, a wholly owned subsidiary of the Company's subsidiary, YNE Project Engineering Pte Ltd against Ishi in the Kuala Lumpur High Court, Malaysia, Civil suit no. D12(D8)-22-1124-2007 ("High Court proceedings").

In the announcement dated 8 April 2009, the Company stated that an appeal has been filed against the decision of the High Court of Kuala Lumpur, Malaysia made on 30 March 2009 ("Appeal").

The Company wishes to announce that Ishi has agreed to release the sum totalling RM3,262,500 (approximately S\$1,394,230) held by their lawyers as stakeholders together with interest of RM77,396.14 (approximately S\$33,075) to Jiwa and the discontinuance of the High Court proceedings and the withdrawal of the Appeal ("Settlement").

The Settlement is not expected to have any significant impact to the financial statements for the financial year ending 31 December 2010.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer
Yongnam Holdings Limited
Date: 20 July 2010